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TOWARD A NATIONAL ECONOMIC UNIFORMITY MINIMUM UNDER THE SOCIAL SECURITY ACT

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The purpose and scope of the federal Social Security Act should be understood by the masses of the people throughout the nation. This important federal law seeks to apply an effective remedy on a nation-wide basis for one of the oldest of human ills; namely, economic insecurity among vast numbers of men, women, and children with all the blasted hopes, suffering, misery, and unhappiness resulting therefrom. This condition of insecurity—the fears which come from either the reality or the nearness of a stoppage of income—arises largely out of the social complexities which have been created by the mechanization and industrialization of economic processes. The forces in our modern economic order have broadened and deepened the economic stream and have demonstrated a capacity to keep this stream well filled with goods and services necessary to progressively rising standards of living. At the same time forces are operating to deny to a large portion of the population access to this stream. Honesty, industry, thrift, self-reliance and other virtues highly praised by individualists under the conditions of these new economic times are often without much effect in assisting an individual person in his efforts to contribute to and take from the social stream of goods and services. The individual on his own account may be virtually powerless to achieve economic security for himself and his dependents.

In other times when life was simple and when the entire population could have access to the land for food, clothing, fuel, and shelter, security of a kind was fairly certain for the

strong, the industrious, and the thrifty. But in these present days when multiplied millions of the population have no way to get a stake in the land, those millions of men, women, and children who live in large urban centers, who reside in other people's houses, who work (if they get the chance) in a shop or factory and with tools not their own—these are the millions who appreciate what insecurity means and who know through experience that of themselves they have little control over the conditions and forces which may at any time cut them off from the economic life-stream. The Social Security Act was not enacted as a temporary measure to meet emergency needs. It belongs in the list of permanent laws. Its purpose is to deal with socially created conditions by applying social remedies.

This article has not been written with the view to defending the Security Act nor with the view to discussing its weaknesses. It is assumed here, however, that the purposes of the Act are consistent with the interests of the general welfare and that, generally speaking, the methods provided for achieving these socially desirable ends are sound. That weaknesses will appear with experience in the administration of the law and that changes must and will be made—changes of both minor and major importance—no one who has made a critical study of the Act will deny. Nor is it the aim of this article to present a *learned* or *academic* discussion of the federal law together with the several state laws enacted pursuant thereto. The purpose is to consider from the economic point of view the provisions of the federal law with particular reference to its old-age annuity and unemployment compensation features.

It may be helpful here to offer some general observations relating to the Social Security Act. This is a comprehensive statute designed as permanent legislation to deal with economic insecurity for the whole nation. The eleven titles of the law can be conveniently grouped under three headings: (1) state aid welfare titles, (2) tax and benefit titles, (3) general titles. The titles which provide federal aid for the care of certain needy groups to states which qualify by passing appropriate legislation for co-operating with the national government are as follows: Title I, Grants to States for Old-Age Assistance; Title IV, Grants to States for Aid to Dependent Children; Title V, Grants to States for Maternal and Child Welfare; Title VI, Grants to States for Public Health

Work; Title X, Grants to States for Aid to the Blind. Another group of titles can be classified as tax or benefit titles: Title II, Federal Old-Age Benefits; Title III, Grants to States for Unemployment Compensation Administration; Title VIII, Taxes with Respect to Employment; Title IX, Tax on Employers of Eight or more Persons. The two remaining titles are known as general titles: Title VII, Social Security Board; Title XI, General Provisions.

The Security Act undertakes to achieve a national economic uniformity minimum for all the people. The provisions of the law proceed from the assumption that the nation's economic capacity in human and natural resources and in capital and technology is adequate to provide for the whole population a minimum of economic security. The facts of our contemporary economic order abundantly establish the validity of this assumption. The Act ingeniously links together the powers and agencies of the federal and state governments in this large legislative enterprise. The respective states are required (with one important and a few minor exceptions) to pass laws in order to bring the people of each state within the benefits of the federal act. Each state is free to act as it chooses. However, by an interesting combination of economic rewards and penalties the federal law purposes to lure all the states into the federal-state cooperative social security plan. Federal grants of money in quite substantial sums for assistance to needy aged persons, needy blind, dependent and crippled children, and for maternal and child welfare, and public health services are available to states which match these grants (substantially dollar for dollar) and which provide for satisfactory state administration of these funds in accordance with federal standards. Also those states which enact unemployment compensation acts which meet certain minimum federal standards will be rewarded with grants from the federal treasury sufficient to pay the costs of administration in the states.

These attractions afford strong positive forces which operate to draw the states into the national security system. On the other hand, states are penalized (that is, the people of the states) when they elect not to adopt security statutes relating to the federal law. The necessary funds for the grants to states for assistance to needy aged persons, blind, crippled and dependent children, and for maternal, child wel-

fare, and health services are derived from federal taxes. Tax-payers in the non-participating states pay their share of the taxes. The excise tax levied under Title IX on employers of eight or more persons must be paid to the federal government; provided, however, that employers in states which have enacted unemployment compensation laws are allowed a credit of 90% of the taxes levied under this title for contributions or taxes paid into the unemployment compensation fund of the state. The employer pays this excise tax to the federal government even though his state has not by legislation made it possible for his employees to benefit from unemployment compensation.

These rewards and penalties constitute strong and effective forces in bringing the states within the fold of the Social Security Act. In addition to the humanitarian reasons for providing for the dependent groups of the population, each state finds economic advantage in qualifying to share in the federal appropriations for assistance grants. For every dollar (or nearly so) provided by the state another dollar comes in a grant from the federal treasury—federal dollars which the people of the whole nation contribute in taxes. Since employers are required to pay an excise tax to the national treasury but are allowed a 90% credit for payments into a state unemployment compensation fund, it is to the economic interest of each state to adopt an unemployment compensation plan and thus make it possible for the employees within its borders to secure the unemployment benefits.

The one benefit provided for by the Security Act not requiring the cooperation of the states either in the levy of state taxes or in administration by the states, or both, appears in Title II, Federal Old-Age Benefits. The Act creates in the federal treasury an Old-Age Reserve Account to which is appropriated from general funds for each fiscal year (starting with the fiscal year ending June 30, 1937) "an amount sufficient as an annual premium to provide for the payments required under this title [II], such an amount to be determined on a reserve basis in accordance with accepted actuarial principles, and based upon such tables of mortality as the Secretary [of the Treasury] shall from time to time adopt." An interest rate of 3 per centum compounded annually is set as the basis of this reserve. The funds in this account, aside from the cost necessary to meet current withdrawals,

shall be invested in interest bearing obligations of the United States or obligations guaranteed as to both interest and principal by the government.

This old age insurance reserve guarantees certain benefits to persons coming within the qualifications of "employees" as prescribed in the Act.¹ These benefits will be paid monthly beginning on the date the beneficiary attains the age of sixty-five or on January 1, 1942 (whichever is the later). It should be noted that these are insurance benefits and not assistance grants based on need. This old-age insurance program is planned to relieve both the federal and state governments of the necessity of making assistance grants to persons who qualify and should therefore after 1942 reduce considerably the funds required for assistance to needy aged. Excepted from the old-age benefit plan, however, are large numbers of individuals. In addition to workers or "employees" coming within the exempted classes (see footnote 1) are other large groups—farm owners, farm tenants, men and women in the various professions, proprietors in all types of business activities. Adversity in the period of old age may come upon many thousands of individuals in these groups.

The fact that these large groups are not included in the national old-age insurance plan is striking evidence that the Security Act comes short of achieving its larger objective of a minimum of economic security for the nation's population as a whole. It may be said that these groups will be secured through direct assistance grants by cooperative federal and state action. But assistance grants based on need smack strongly of public charity. Many persons hold back from asking for the benefits of these grants. Certainly there is a marked difference between the position of those persons who are within the old-age reserve system and who look ahead to insurance payments, regardless of their income status in old-age, and the position of the excepted groups who will be forced to rely on direct appropriations by Congress and state legis-

¹Persons who cannot qualify under the old-age insurance provisions include employees coming within these classifications: agriculture, domestic service, casual labor not in the course of the employer's trade, marine service, employees of federal, state, and local governments or any instrumentality thereof, employees of community, religious, or educational organizations.

latures for assistance grants which are available only to those whose incomes are extremely low.

It should be pointed out that the old-age insurance reserve is created in part from taxes paid by the employees who will receive the benefits. For this reason it could be argued that those groups outside the plan are not discriminated against. Appropriations to the Old-Age Reserve Account are made directly from treasury funds. The account is not derived from ear-marked taxes. However, Title VIII levies two taxes with respect to employment, one an income tax on employees (with excepted classes as already indicated), and the other an excise tax on employers. These taxes are direct levies and are collected by the Bureau of Internal Revenues and paid into the federal treasury without reference to legislation by the states. These levies are made in accordance with these schedules:

TAXES WITH RESPECT TO EMPLOYMENT²

Under Title VIII

For Calendar Year	Income Tax on Employees bas- ed on Percent- age of Wages Received ³	Excise Tax on Employers Bas- ed on Percent- age of Wages Paid	Total Tax Levied
1937	1%	1%	2%
1938	1%	1%	2%
1939	1%	1%	2%
1940	1½%	1½%	3%
1941	1½%	1½%	3%
1942	1½%	1½%	3%
1943	2%	2%	4%
1944	2%	2%	4%
1945	2%	2%	4%
1946	2½%	2½%	5%
1947	2½%	2½%	5%
1948	2½%	2½%	5%
1949 and after	3%	3%	6%

²With respect to employment "means any service, of whatever nature, performed in the United States, by an employee for his employer" excepting the classes enumerated under footnote (1) above.

³The term "wages" includes all payments from employers to employees in cash or its equivalent up to a total remuneration of \$3000 received for employment during any one calendar year. Payments to an employee in excess of \$3000 for services during a calendar year are not included in "wages," as the base of the tax levy.

Appropriations from the Treasury of the United States to an old-age reserve account plus provision for equal payments of taxes by employers and employees on the basis of wages establishes a national old-age insurance system, but only for a portion of the wage earning population. Is it feasible to provide a minimum of security, more or less on the basis of reserve insurance principles, for other wage (and salary) groups, small proprietors, farm tenants, and others? For employees of federal, state, and local governments and their instrumentalities—civil service employees, police officers, firemen, public school teachers, college professors, and all others classes of regular employees—old-age benefits and payments during periods of incapacity can be provided under part-pay retirement plans. This can also be done by semi-public associations and private educational institutions. Like the federal old-age insurance plan, it would seem circumstances make it advisable that retirement systems of this kind be as a general rule contributory—one half by beneficiaries and one half by employing agencies paid regularly into a permanent reserve account. In the states of the Southwest, particularly, legislation for sound retirement systems is a much needed step toward general economic security for employees in these groups.

The conditions among the rural tenant group present a real problem in creating reasonable guarantees of a security minimum. Farm tenants are neither employees nor proprietors; that is, proprietors in the sense of owning and managing any considerable amount of property. And tenancy is a stubborn social and economic problem in many sections of the country. Ways and means should be carefully studied both in the nature of legislation and self-help which will make it less difficult for capable tenants to move steadily into the debt-free proprietor group. But actuarial principles can be applied only in a limited way to providing the security minimum to either the farm tenant group or to proprietors. Crop insurance suggests a possibility for farmers. As for the proprietors, farmers, merchants, and others, it cannot be safely assumed that property ownership is adequate security during periods of incapacity or adversity. The mortgage debt situation and other disturbing conditions create troubling problems. But this is not the place for a consideration of these questions. It is sufficient to say in this connection that the Social Security

Act by no means encompasses all aspects of the economic insecurity problem for all the people.

Let it be pointed out again that the old-age benefit plan operates on a national basis and without any relation to cooperation by the states. The plan will be administered directly from Washington. The Old-Age Reserve Account is expected to accumulate to a maximum of about \$47,000,000,000 in 1980, according to present actuarial estimates. It is interesting to observe that this Account will absorb within the government's own activities a national debt of sizable proportions, since funds appropriated annually into the Account must be invested in interest-bearing United States bonds or obligations secured by the government. Insurance reserves privately managed represent investments in debt obligations and a large proportion of these obligations are private. If it is sound for savings of the people and private insurance reserves to repose in interest-bearing obligations—a debt situation which we must assume will be a continuing one—then it would appear that there is no valid economic reason why this national (public) old-age insurance reserve should not rest on the credit of the nation itself. And it might be proposed, too, that a permanent interest-bearing national debt is no more unsound than a permanent or rather continuing private interest-bearing debt.

This brief consideration of the national old-age insurance system can be closed by recording the nature of the benefit payments. The benefits paid will be based upon the record of wages received by each beneficiary after December 31, 1936. Beginning at the age of sixty-five or on January 1, 1942, whichever is the later, each beneficiary will receive monthly installment benefits, as per this schedule:⁴

OLD AGE BENEFITS UNDER THE FEDERAL SOCIAL SECURITY ACT⁴

(*New York Times*, November 8, 1936)

The first column records total earning from regular employment from the time the payroll tax becomes effective on January 1, 1937, until the worker reaches the retirement age of 65.

The second column shows the amount in monthly benefits the worker will receive after reaching 65. (No such payments will be made prior to January 1, 1942.)

The third column indicates the lump sum payment which would accrue to the worker's estate if he died before receiving any benefits. If the

<i>Total wages received after December 31, 1936, and before beneficiary attains the age of sixty-five</i>	<i>Monthly payments until date of death of beneficiary</i>
Not more than \$3000	$\frac{1}{2}$ of 1% of such total wages
If more than \$3000	(A) $\frac{1}{2}$ of 1% of \$3000; plus (B) $\frac{1}{12}$ of 1% of wages between \$3000 and \$45,000; plus (C) $\frac{1}{24}$ of 1% of wages in excess of \$45,000

(Footnote, continued)

amount received prior to death is less than this aggregate sum, the difference between the benefits paid and the amount in Column 3 is payable to the estate.

<i>Total Wages</i>	<i>Monthly Benefit</i>	<i>Lump Payment</i>	<i>Total Wages</i>	<i>Monthly Benefit</i>	<i>Lump Payment</i>
\$ 2,000-----	\$10	\$ 70	\$ 42,600-----	\$48	\$1,491
2,200-----	11	77	43,800-----	49	1,533
2,400-----	12	84	45,000-----	50	1,575
2,600-----	13	91	47,400-----	51	1,659
2,800-----	14	98	49,800-----	52	1,743
3,000-----	15	105	52,200-----	53	1,827
4,200-----	16	147	54,600-----	54	1,911
5,400-----	17	189	57,000-----	55	1,995
6,600-----	18	231	59,400-----	56	2,079
7,800-----	19	273	61,800-----	57	2,163
9,000-----	20	315	64,200-----	58	2,247
10,200-----	21	357	66,600-----	59	2,331
11,400-----	22	399	69,000-----	60	2,415
12,600-----	23	441	71,400-----	61	2,499
13,800-----	24	483	73,800-----	62	2,583
15,000-----	25	525	76,200-----	63	2,667
16,200-----	26	567	78,600-----	64	2,751
17,400-----	27	609	81,000-----	65	2,835
18,600-----	28	651	83,400-----	66	2,919
19,800-----	29	693	85,800-----	67	3,003
21,000-----	30	735	88,200-----	68	3,087
22,200-----	31	777	90,600-----	69	3,171
23,400-----	32	819	93,000-----	70	3,255
24,600-----	33	861	95,400-----	71	3,339
25,800-----	34	903	97,800-----	72	3,423
27,000-----	35	945	100,200-----	73	3,507
28,200-----	36	987	102,600-----	74	3,591
29,400-----	37	1,029	105,000-----	75	3,675
30,600-----	38	1,071	107,400-----	76	3,759
31,800-----	39	1,113	109,800-----	77	3,843
33,000-----	40	1,155	112,200-----	78	3,927
34,200-----	41	1,197	114,600-----	79	4,011
35,400-----	42	1,239	117,000-----	80	4,095
36,600-----	43	1,281	119,400-----	81	4,179
37,800-----	44	1,323	121,800-----	82	4,263
39,000-----	45	1,365	124,200-----	83	4,347
40,200-----	46	1,407	126,600-----	84	4,431
41,400-----	47	1,449	129,000-----	85	4,515

Other conditions in the schedule:

- (1) Total monthly benefit payment shall not exceed \$85.
- (2) If beneficiary receives wages after he has attained the age of 65, "the old-age benefit payable to such individual shall be reduced, for each calendar month in any part of which regular employment occurred, by an amount equal to one month's benefit."
- (3) Other provisions for payment to estates of deceased beneficiaries of amounts due and unpaid under the reserve calculated on an actuarial basis.

Unemployment compensation or insurance has made slow progress in this country. Wisconsin has pioneered in this type of state labor legislation. The Security Act is a bold effort to place an unemployment compensation law on the statute books of every state in the union. Security to workers in a limited income during periods of unemployment is another aspect of this movement toward a national economic uniformity minimum. But for constitutional reasons and perhaps also for other good reasons the Act does not attempt to inaugurate an unemployment compensation system in the national government. The provisions of the federal law, however, are so skillfully framed as to make almost certain the passage of unemployment insurance laws in all of the states.

States are encouraged to enact unemployment laws by a standing offer on the part of the federal government to pay the costs of administration of such laws in the states; provided these laws are not inconsistent with certain minimum conditions set forth in the Security Act. Here are the conditions:

1. The unemployment benefits must be paid out through public employment offices, if such offices exist. It seems to be the aim of the federal law to encourage the establishment of public employment offices.

2. A state unemployment compensation law may not provide for the payment of compensation for any unemployment occurring during the two year period following the date when contributions to the state unemployment compensation fund began. If a state, for example, by law enacted begins the accumulation of its unemployment reserve fund on June 10, 1936, no compensation could be paid from this fund to any person for unemployment occurring between this date and June 10, 1938.

3. The state law must provide that all contributions or collections credited to the state unemployment compensation

fund be immediately transmitted to the Secretary of the Treasury who is required to credit the same to the Unemployment Trust Fund.⁵

4. All withdrawals from the fund in the federal treasury by any state must be used to pay unemployment compensation benefits. No expenses of administration may be paid from this fund.

5. A state law may not deny compensation to an unemployed person because he refuses to accept work on account of a labor dispute—strike, lockout, etc.; or if the wages, hours, and working conditions offered are below the prevailing standards in the community; or if any element of the "yellow dog" contract practices is involved in the offered employment.

6. The state unemployment compensation law and the rules and regulations of the state administrative agency must be approved by the Social Security Board.

7. The agency set up in the state for the administration of the unemployment compensation law must make required reports to Washington.

The amount of the federal grant to each state to pay the costs of administration of the unemployment compensation system is determined by the Social Security Board. The population of the state, number of persons covered by the state law, and other conditions related to proper administration are to be considered by the Board.

A stronger pull upon the states to come within the unemployment compensation benefits of the Security Act comes from the tax provisions under Title IX, Tax on Employers of Eight or More. Every employer in the United States, beginning on January 1, 1936, is required to pay for each cal-

⁵The states may make these deposits directly with the Treasury or with a federal reserve bank or a member bank designated to receive such deposits. The Secretary of the Treasury is required to invest all of these receipts, in excess of amounts in cash necessary to meet withdrawals, in interest-bearing obligations of the United States or in interest-bearing obligations guaranteed as to both principal and interest by the United States. These investments are made as a single fund. But within the fund account each state's account is maintained separately and receives quarterly its proportion of the earnings of the general fund.

endar year an excise tax, "with respect to having individuals in his employ" according to the following schedule:⁹

<i>For the Calendar Year</i>	<i>Percentage of total wages payable by the employer (regardless of when the payment is made)</i>
1936	1%
1937	2%
1938 and after	3%

This tax is paid directly into the Treasury through the Bureau of Internal Revenue. It is not in the levy of the tax on employers that states find a reason for passing their own unemployment compensation acts. But unless a state provides by law for its own unemployment compensation its employees are denied public unemployment insurance benefits. If a state adopts an acceptable plan, employers within such a state will be allowed a credit against their tax due under Title IX of 90 per cent if the amount so credited is under provisions of a state law paid into a state unemployment compensation fund. For example, if an employer's tax for a year under Title IX is \$8,000, he would pay the federal government only \$800 and the unemployment fund of his state \$7,200. But in case his state has no unemployment insurance law he would pay to the United States Treasury a total tax of \$8,000. The payment must be made to the state fund before he is allowed his 90 per cent credit.

The central purpose sought in the Security Act is a minimum of economic security. Unemployment compensation benefits are provided. But these benefit payments are carefully restricted. Sections 909 and 910 of the Act give what is

"The term "employer" under this title includes only those employers who employ "8 or more individuals on each of some 20 days during a calendar year, each such day being in a different calendar week." It is not necessary that these 8 persons be the same persons through any day or any part of the year. Nor is it necessary that they be employed at the same time.

Wages subject to the tax exclude wages paid to agricultural labor; domestic servants; marine workers; workers employed within the family; persons in service of national, state or local governments or instrumentalities thereof; workers in the service of religious, charitable, educational or similar associations.

"Wages" includes all payments in money or its equivalent, including cash, services performed, rents, premiums or insurance, etc.

known as a merit rating to employers who by experience show that they have stabilized employment under their management. Credits in addition to the normal 90 per cent credit are allowed under conditions prescribed in both federal and state laws. These merit rating provisions are consistent with the primary economic objective of unemployment compensation insurance; namely, the stabilization of employment and the reduction of unemployment benefit payments to the lowest possible minimum.

It is important to note that states are not straight-jacketed as to the provisions of their own unemployment compensation laws. The 90 per cent credit aforementioned is allowed under widely varying provisions of state laws. Examples are numerous. Massachusetts exempts from the payroll tax in that state wages or salaries at a rate in excess of \$2500. New Hampshire has a similar provision, but not including wages for "manual labor." Utah follows the New Hampshire plan but limits the exemption to \$2000. Other states have similar provisions. States may also elect between contributory and non-contributory plans on any basis they choose.

If the basic premises of this discussion are valid, this brief analysis of certain aspects of the Security Act leads definitely to one conclusion; namely, it is in the interest of the general welfare for all the states to move as quickly as possible toward complete cooperation with the federal government in this program to bring an economic security minimum to all the people. As has already been pointed out, the Security Act by no means reaches all groups, but it is a desirable step toward a national economic uniformity minimum. Not for reasons purely sentimental or humanitarian (though these may be urgent under existing conditions of insecurity in an economy of demonstrated capacity to support higher standards of living for all), but for economic advantages measurable in dollars and cents the states should qualify for participation in federal funds for grants to dependent groups—the needy aged, blind, dependent and crippled children, and health, maternal and child welfare services—and also for the credits allowed employers who contribute to a state unemployment compensation fund.

The three taxes paid into the federal treasury—one by employees and two by employers—can be considered as the legal method whereby all the people contribute to a pooled

fund to accomplish a socially desirable purpose. Much has been said about forced levies on the pay envelopes of employees and about the onerous burdens of the employers' taxes. In an economic sense the employee's income tax is not a tax at all, but a premium paid into an insurance reserve managed by the government of the United States. And it is certain that economic forces will spread the effects of the two employers' taxes throughout the whole population—to consumers in higher prices, to receivers of interest and profits, and perhaps to wage earners. It seems from present indications, however, that the courts may hold that employers can pass the tax on to consumers in higher prices but will not be permitted to make deductions from wages.⁷

It has been estimated that the total taxes collected from employees and employers under Titles VIII and IX will reach a total of \$2,700,000,000 annually. The amount collected will, of course, vary with the size of the annual wage payments. But in any case these payments find their way into reserves for benefit payments to millions of beneficiaries. This is one of the many cases where taxation may be used for the advancement of the general good. These are not taxes in the real meaning of the term, *tax*, but contributions to a large annual savings fund, invested in the best securities to be found

MASTER TABLE SHOWING TAXES LEVIED UNDER
THE SOCIAL SECURITY ACT

(Tax based on wages and by reason of employment)

For Calendar Year	Tax on Employees Title VIII	Tax on Employers Title VIII	Title IX	Total Tax on Employers	Total Tax
1936	0	0	1%	1%	1%
1937	1%	1%	2%	3%	4%
1938	1%	1%	3%	4%	5%
1939	1%	1%	3%	4%	5%
1940	1½%	1½%	3%	4½%	6%
1941	1½%	1½%	3%	4½%	6%
1942	1½%	1½%	3%	4½%	6%
1943	2%	2%	3%	5%	7%
1944	2%	2%	3%	5%	7%
1945	2%	2%	3%	5%	7%
1946	2½%	2½%	3%	5½%	8%
1947	2½%	2½%	3%	5½%	8%
1948	2½%	2½%	3%	5½%	8%
1949 and after	3%	3%	3%	6%	9%

in any market in the world—a reserve held in trust for millions of citizens and maintained under the watchful eye of the United States government. Corporations and individuals whose incomes are adequate have for many years practiced reserve or surplus financing for the lean years—the periods of low incomes. The Security Act moves the nation forward toward applying these tested principles of reserve financing in providing a security minimum for the millions who find it difficult to create private reserves because necessity requires spending practically all of their current earnings for a living.

Those who accept the soundness of the objectives of the Social Security Act must not be afraid of government action *per se*. They must believe that cooperative endeavor, through the machinery of government, if properly directed and controlled, affords a way of balancing the public or social functions with private or individual functions in our national economy. Policies and practices in individual and corporate management must be constantly changed in the interest of improvement. Likewise in a larger enterprise like that comprehended in the Security Act policies and practices must be amended when experience shows need for change. The weaknesses in the Security Act do not invalidate its larger objectives. The test of soundness comes in the question, is the nation moving in the right direction in this effort to establish reasonable guarantees of a minimum economic security for the millions who are now insecure?^a

^aAre governmental powers being properly used—that is, constitutionally speaking—when a state makes provision for unemployment compensation paid from funds raised by taxation? On April 15 last in holding the New York Unemployment Insurance Law constitutional Chief Justice Crane, speaking for the highest court of the State of New York, (reversing a lower court opinion) said, in part:

“The courts can take judicial notice of the fact that unemployment for the last five or six years has been a very acute problem for State and Federal Government. There have always been from earliest times the poor and the unfortunate whom the State has had to support by means of money raised by taxation. We have had our homes for the poor and the infirm, hospitals, infirmaries and many and various means for taking care of those who could not take care of themselves. The institutions housing our insane have grown to be an enormous expense, illustrating that the legality of the expenditure of public moneys for vast numbers of those who were without means of support or help has never been questioned.

“Another problem has faced society which has been a source of study, discussion, agitation and planning. Unemployment, from

(Footnote, continued.)

whatever cause, has increased enormously in every part of the country, if not throughout the world. Is there any means possible to provide against unemployment, the loss of work, with its serious consequences to the family, to the children and to the public at large?

"When such a matter becomes general and affects the whole body politic, a situation has arisen which requires the exercise of the reserve power of the State, if there be a practical solution.

* * * * *

"We may concede that much of unemployment is due to other factors than business depression. Just what does cause slumps in business, panics and unemployment has never been satisfactorily explained, but a very large percentage of those who are out of work have lost their jobs or positions by reason of poor business conditions and hard times. I can see, therefore, nothing unreasonable or unconstitutional in the legislative act which seeks to meet the evils and dangers of unemployment in the future by raising a fund through taxation of employers generally.

* * * * *

"When able-bodied, willing men cannot find work they may be treated as a class, irrespective of their particular calling or trade. The peril to the State arises from unemployment generally, not from any particular class of workers. So likewise, employers generally are not so unrelated to the employment problem as to make a moderate tax upon their payrolls unreasonable or arbitrary. As stated before, unemployment and business conditions generally are to a large extent linked together.

* * * * *

"What shall we say about this act? At least it is an attempt to solve a great and pressing problem in government. We have had such problems thrust upon our attention arising out of emergencies such as the Rent Laws (*People ex rel Durham Realty Corp. v. La Eftra*, 230 N. Y., 429; the Housing Laws (*Adler v. Deegan*, 261 N. Y., 467), and the Milk Laws (*People v. Nebbia*, 262 N. Y., 259).

"The Legislature seeks to meet the future now without waiting for the emergency to arise. Can it do so? Unless there is something radically wrong, striking at the very fundamentals of constitutional governments, courts should not interfere with these attempts in the exercise of the reserve power of the State to meet dangers which threaten the entire common weal and affect every home. No large body of men and women can be without work and the body politic be healthy."

SECURITY TO AGED, DEPENDENT CHILDREN, BLIND, AND UNEMPLOYED WITH PARTICULAR REFERENCE TO THE SOUTHWESTERN STATES

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I

The Social Security Act of 1935 created the Social Security Board to administer or supervise the administration of national programs for security to aged, dependent children, blind, and unemployed. The misfortunes in life to which the safeguards of these programs extend arise from two sets of factors. Some are accompanying features of modern industrial civilization; others are due to the uncertainties of life itself. American belief in the desirability of governmental action to protect the individual from misfortunes arising from both types of causes is amply attested by precedents in legislation.

Slightly more than a quarter of a century ago there arose in this country an insistent public demand for assurance of compensation to the laborer who suffered injuries in industry. The result was the widespread enactment of statutes which recognized that industrial accidents were part of the normal cost of operating business and removed the common law defenses under which the employer escaped liability.¹ Nearly all of these statutes provided for the use of a system of employers' insurance for spreading the cost and making payment more certain.² Although imperfections are apparent in many of the compensation statutes, a greater measure of definite security has been provided against a hazard of modern machine technique. The great depression drew men's attention to the fact that there are other insecurities which are inevitable concomitants of the modern system of production and distribution. The absence of need for the aged in industry and the certainty of technological and cyclical unemployment for millions of young and middle-aged at some time in their lives was definitely recognized.

¹Forty-six states and the United States have enacted compensation statutes. For the history of this movement see W. F. Dodd, *Administration of Workmen's Compensation* (London, 1936), chapters 1 and 2.

²The statutes of forty-four states, one territory, and the United States compel employers to insure their liability in some way. Dodd, *op. cit.*, 37.

Only Wisconsin had enacted legislation for unemployment insurance before the passage of the Social Security Act. The need for such legislation had, however, been recognized by many who saw the difficulties of meeting the problem through state action. And legislation for aid to mothers, blind, and aged had been passed in a sufficient number of states to show that the American public was accepting the idea that security against misfortunes, arising wholly or partly from the uncertainties of life itself, was a public responsibility.

The first mothers' aid law was passed in 1911; ten years later forty states had passed some kind of mothers' aid law; and twenty years later the number had increased to forty-five.³ Present state statutes for aid to the blind date back to 1898. Three states passed such legislation before 1910; by 1934 the number had increased to twenty-four.⁴ State old-age pension enactments date from 1923, but the number increased rapidly both before and after the arrival of the depression. At the end of 1934 old-age pension systems were in operation in twenty-five states.⁵

Adequate security for dependent children, blind, and aged had not, however, been provided in all of the states having statutes on these subjects. First, the coverage was not state-wide in all of these states. In only thirteen of the forty-four states having mothers' aid laws in 1931 were all the administrative units granting aid. In sixteen other states three-fourths or more of the counties or cities authorized to grant aid were actually granting aid, but in fifteen of the states little progress had been made.⁶ Of twenty-four blind-pension

³Grace Abbott, "Recent Trends in Mothers' Aid", *The Social Service Review* (June, 1934), VIII, 194. See also Children's Bureau, *Mother's Aid, 1931*. (Washington, 1933). Only Alabama, Georgia, and South Carolina did not have some form of mothers' aid legislation by 1931. Alabama enacted a statute in 1931, but it was in the nature of a poor-relief statute enacted for all dependent children whether needing long-time care or not. Abbott, *op. cit.*, 194.

⁴Bureau of Labor Statistics, "Public Provision for Pensions to the Blind in 1934", *Monthly Labor Review*, (September, 1935), XLI, 484.

⁵Florence E. Parker, "Experience Under State Old-Age Pension Acts in 1934", *Monthly Labor Review*, (August, 1935), Vol. 41, 303.

⁶*Mothers' Aid, 1931*, 23. The President's Committee on Economic Security reported that less than one-third of the families on relief of the type to which mothers' aid laws were designed to extend were receiving mothers' pensions. *Report of the Committee on Economic Security* (Washington, 1935), 36.

systems only seven were in state-wide operation; the coverage in the other states varied from less than fifteen to more than ninety-five percent of the counties.⁷ During 1934 only forty-five percent of the counties in states having old-age pension laws were actually granting aid.⁸ Second, inadequate benefits were paid in many jurisdictions. In 1931 the average monthly grant per family receiving mothers' aid was less than twenty dollars in sixteen states, and ranged from \$4.33 to \$10.07 in five states.⁹ With state aid provided in only seventeen states, there was a strain on local treasuries and a notable lack of uniformity in payments made by local jurisdictions within the respective states.¹⁰ Of twenty-two states having legislation for aid to the blind in 1934 the average monthly payment was more than thirty dollars in one state, between twenty and thirty dollars in five states, between ten and twenty dollars in twelve states, and less than ten dollars in four states.¹¹ The average monthly old-age pension for all states providing such aid was \$14.69 in 1934.¹² Five states paid more than twenty dollars, seven paid from ten to twenty dollars, and thirteen paid less than ten dollars.¹³

II

Although notable progress had been made in some of the states in these and other programs for social welfare, it was apparent that national legislation would be needed if minimum standards of protection against misfortunes of life were to be extended throughout the nation. A deepening consciousness of public responsibility, a recognition of the limitations and delays of state action, the example of national expenditures in welfare work and other fields, and a political movement for old-age assistance directed popular attention to the possi-

⁷Bureau of Labor Statistics, *op. cit.*, 584, 588.

⁸Florence E. Parker, *op. cit.*, 330.

⁹*Mothers' Aid, 1931*, 17.

¹⁰Grace Abbott, *op. cit.*, *passim*.

¹¹Bureau of Labor Statistics, *op. cit.*, 589. In Arkansas there was a flat payment of \$10 per year. The information from two states, Connecticut and Minnesota, was received too late to be incorporated in the tables made by the Bureau of Labor Statistics.

¹²The average for 1934 was 24% below that of 1933. This was due to an increase of 104% in number of beneficiaries with an increase of only 23% in total expenditures. See Florence E. Parker, *op. cit.*, 303.

¹³Florence E. Parker, *op. cit.*, 311.

bilities of national legislation. The various currents of opinion in favor of measures for social security were brought to a focus in 1934 with the creation by an Executive Order of the Committee on Social Security. A national program of social security based upon the report of this committee was embodied in the Social Security Act of 1935.

This Act was the biggest step in the history of the nation toward the social-service or welfare state. When the program embodied in the Act is fully established, the expenditures of the national government and the taxes authorized for old-age and unemployment insurance will reach an annual sum approximating \$4,000,000,000, which is more than the total operating expenses of the national government prior to the depression.¹⁴ The Act is a definite indication of the changing position of government, and particularly the national government, in the life of the nation.

Two general methods of financing are employed under the Act. In some cases, government supplies the benefit on the basis of funds raised by general taxation. In other cases, government extends the device of insurance and merely organizes the system of benefits on the basis of insurance payments. The first method is used for old-age assistance, aid to dependent children, aid to the blind, public health work, maternal and child welfare work, services for crippled children, and vocational rehabilitation. The second method is employed for old-age benefit payments and unemployment compensation. Old-age benefit payments are to be financed by a tax, ultimately reaching 6%, on payrolls, one-half to be deducted from wages and the other half to be carried by the employer. Unemployment insurance is to be financed by a tax on employers. The contributions from employers are required on the theory, familiar in compensation for injuries, that cost of unemployment and a portion of the cost of old-age benefits must be regarded as part of the normal cost of operating industry.

III

Three methods of administration are to be used by the Social Security Board in carrying out the programs for the

¹⁴For estimates of the cost of old-age benefit payments and the contributions for old-age insurance see Senate Finance Committee, *Hearings on S. 1130* (Washington, 1935), 250-253. The taxes for old age insurance do not reach the maximum of 6% until 1949.

benefit of aged, dependent children, blind, and unemployed. These are: the grants-in-aid system; national administration; and the offset device.

The system of grants-in-aid to the states was adopted for all the non-insurance features of the Act.¹⁵ National-state cooperation under the device of national grants-in-aid was apparently the most appropriate method of administering these features of the Act. The previous expansion of state activity in the various social services made it desirable to coordinate national action with state action. The national government could require extension of the services and aid in raising the amount of compensation without destroying state responsibility; it could maintain minimum standards of effective and fair administration without impairing the benefits of decentralized administration.

The Social Security Act requires that the state plans for old-age assistance, aid to the blind, and aid to dependent children must be state-wide in application and, if administered by political subdivisions, must be mandatory upon them. Provisions for national participation in payments not exceeding certain stated maximum amounts will encourage the states to provide for payments equal to those amounts.¹⁶ However, no minimum standards of payment are required. And, although aid is to be given to needy persons, no definition of need is contained in the Act. Considerable variation among the states in amount of individual payments and in definition of need may be expected, but early experience indicates that there will be a material increase both in number and size of benefit payments under most state plans.

Certain minimum requirements for efficient and fair administration are prescribed in the Act. A single state agency must be established or designated to administer or supervise the administration of a state plan for old-age assistance, aid

¹⁵The system of grants-in-aid is used for old-age assistance, aid to dependent children, aid to the blind, public health work, maternal and child welfare work, services for crippled children, and vocational rehabilitation.

¹⁶The federal participation is 50% for payments not exceeding thirty dollars per month to the aged and blind, but such participation is limited to 33 1/3% of payments not exceeding \$18 for the first dependent child in a home and 33 1/3% of payments not exceeding \$12 for each other dependent child in the home.

to the blind, or aid to dependent children. Persons whose claims for assistance have been denied must be permitted an opportunity for a fair hearing before the state agency. The state agency must submit reports to the Social Security Board, in such form and containing such information as the Board may require. The state plan must provide methods of administration (other than those relating to selection, tenure, and compensation of personnel) necessary for the efficient operation of the plan. This specific exception of control over personnel was inserted by the Ways and Means Committee of the House of Representatives, and the golden opportunity to require state employment of qualified personnel was lost. Nevertheless, the Social Security Board has in some cases required the states to meet minimum requirements concerning personnel, apparently acting on the theory that it could disapprove plans if personnel standards were so low as to prevent efficient operation.

A second system of administration was adopted for old age insurance. This program is to be administered entirely by the national government. Paul Douglas has ably summarized the impelling reasons for national administration of old age insurance. "... a large proportion of Americans change from state to state during their working lives and indeed make frequent changes. It would plainly be unjust for the workers to lose eligibility or their claim to the benefits resulting from past contributions merely because they had moved to another state. On the other hand, the problem of transferring from one state to another the precise actuarial credits of workers, of keeping their records up to date and moving them about and of balancing the claims of the various state funds against each other would be hopelessly and needlessly complicated."¹⁷ There were, moreover, no established state services of this kind to which the national system would need to be adjusted.

The Act provides for the use of a third method of administration for unemployment insurance. This is the tax offset plan under which employers are allowed credit against the federal tax for contributions made under state unemployment compensation statutes. The tax offset plan of forcing state systems of unemployment insurance was the central feature of the pioneer Wagner-Lewis Bill, was favored by officials of

¹⁷*Social Security in the United States* (New York, 1936), 35-36.

the Department of Labor, and was recommended by the Committee on Social Security. A majority of the Advisory Council to the Committee on Social Security had, however, rejected the plan. A number of members of the Council favored outright national administration, and a majority favored the tax refund or national grant type of federal-state cooperation in preference to the tax offset plan.

The offset plan has certain very serious deficiencies as a method of carrying into effect a national program. First, it may result in gross inequality of benefits in different states. There is now and is likely to be at any time in the future a great difference in the amount of unemployment in the various states. With a uniform system of taxes a state with a high rate of unemployment could not pay the same benefits as a state with a low rate of unemployment. Second, it is apparently more vulnerable to attack in the courts than either the grants-in-aid or national system. Third, it makes difficult the prescription of minimum national standards. The addition of conditions concerning content or administration of state plans would increase the chances of such a plan being held unconstitutional.¹⁸

Nevertheless, certain considerations led many to favor the offset plan. First, it offered opportunities for experimentation by the states. It was particularly favored by those who desired the adoption of the Wisconsin plan of unemployment insurance. Second, it made unnecessary immediate decision on the most controversial questions in connection with unemployment insurance. Third, it offered the prospect of independent state legislation which would "stand on its own feet" if the national program should be held unconstitutional.

In the end both the 100% grant and the offset device were adopted for unemployment insurance. The Act authorized national grants to the states to the amount of \$49,000,000 a year to pay the administrative costs of unemployment insurance. Provisions were inserted to insure that the states receiving these grants should meet certain minimum standards of administration similar to those required for state plans of

¹⁸For fuller statements of the arguments against the off-set plan see the Report of the Advisory Council to the Committee on Social Security, Senate Finance Committee, Hearings, *op. cit.*, 226-227; Report of the Technical Board, *Ibid.*, 329-331; statement by Frank P. Graham, Chairman of the Advisory Council, *Ibid.*, 335-336.

assistance to aged, blind, and children.¹⁹ In addition, there were provisions for insuring cooperation in the national plan of administration. It is provided that unemployment funds of the states shall be deposited in the national Unemployment Trust Fund, that payments to beneficiaries shall be made solely through public employment offices or such other agencies as the Social Security Board may approve, and that information concerning recipients shall be available on request to any agency of the United States charged with the administration of public works. Under the requirements for receiving the grants for administrative costs, fairly adequate national control of administration is provided. Nevertheless, the tax offset plan remained the central feature of the unemployment insurance program. As a result, inequalities in payments in different states may be anticipated and the constitutional hazard for a national program of unemployment insurance is perhaps increased.²⁰ Moreover, there is one problem which could have been avoided only by national administration. This is the problem of making provision for workers who acquire eligibility in one state and move to another state. From an administrative viewpoint, arguments for a strictly national system are equally impelling for unemployment insurance and old-age insurance. The only logical basis for different plans of administering the two programs was one of policy. There was a desire to allow states to choose from among the plans for unemployment insurance and this desire was strong enough to override the advantages of uniformity.

IV

The establishment and extension of state programs of social security has been a major problem in state policy during the past two years. The states in the Southwest have been

¹⁹The Act requires an opportunity for fair hearing before an impartial tribunal, the making of reports to the Social Security Board and "Such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the Board to be reasonably calculated to insure full payment of unemployment compensation when due." Section 303 (a).

²⁰Most state unemployment compensation statutes contain a provision making the effectiveness of the state statute contingent on the constitutionality of the national statute; hence, there can be little hope for widespread continuance of state unemployment insurance programs if the national program is held invalid.

very active in initiating and extending state programs for assistance to aged, dependent children, and blind.²¹ The following table shows the number of states in the region which provided assistance to those groups in 1934 and the present status of state plans for assistance.

State	AGED		DEPENDENT CHILDREN		BLIND	
	Aid Granted 1934 _a	Present Status of Plans _b	Mothers' Aid Granted 1934 _a	Present Status of Plans _b	Aid Granted 1934 _a	Present Status of Plans _b
Arizona	*	*	*	**		**
Arkansas		**	*	**	*	**
Colorado	*	**	*	**	*	**
Kansas		*	*	*	*	*
Louisiana		**	*	**	*	*
Missouri		**	*	*	*	*
New Mexico		**	*	**		**
Oklahoma		**	*	**		*
Texas		**	*	*		

^aStar indicates provision for aid in all or part of state in 1934.

^bOne star indicates legislative or executive provision for aid; two stars indicate that state plan has been approved by Social Security Board.

Although only two states in the Southwest provided for assistance to the aged in 1934, all states in the region now have laws for aid to this group and the plans of all except two of the nine states have been approved by the Social Security Board. Mothers' aid statutes had been passed in all of the southwestern states by March, 1931; the plans of six of the nine states have been approved by the Social Security Board. Five states provided aid to the blind in 1934. Eight states now have plans for such aid and the plans of four have received the approval of the national agency.

There is considerable variation in the amount of benefits being paid by the states. The following table shows the current trend in the Southwest.

²¹For the purposes of this section it is assumed that the Southwest includes all those states in which the faculties of universities and colleges participate actively in the work of the Southwestern Social Science Association.

	AGED		DEPENDENT CHILDREN		BLIND	
	Average Monthly Pension 1934 ^a	Average Payment August 1936 ^b	Average Monthly Grant Per Family 1931 ^c	Average Grant Per Family August 1936 ^b	Average Monthly Payment 1934 ^a	Average Payment August, 1936 ^b
Arizona	19.57		17.25	29.64		19.11
Arkansas		5.57	4.33	7.06	0.83	5.84
Colorado	9.74	27.14	26.50	30.05	15.47	21.46
Kansas			14.05		11.36	
Louisiana		11.04	10.06	22.40	12.50	
Missouri		9.33	Missing		24.33	
New Mexico		15.05	Law Passed March, 1931	17.18		17.38
Oklahoma		5.00	7.29	Missing		
Texas		15.76	10.07			
National						
Average	14.69	18.11	21.78 _y	26.80	20.01	26.01

^aFigures are taken from Florence E. Parker, *op. cit.*, 311.

^bFigures are taken from bulletin issued by Social Security Board.

^cFigures are from *Mothers' Aid*, 1931, 17.

^yFigures are from Bureau of Labor Statistics, *op. cit.*, 589.

_yAverage for median state.

Although the payments in some of the states are very low, it may be noted that in all cases where comparative figures are available there is a tendency toward an increase in amount of benefits. Quite a number of the states are maintaining payments comparable to the national average, and in a few cases the national average is exceeded.

There is also wide variation in degree of liberality in eligibility requirements in the southwestern states. In Arkansas, Missouri, and Louisiana the percentage of total aged persons receiving pensions is close to the national average; in New Mexico the percentage is far below the national average; in Colorado, Oklahoma, and Texas the percentage is approximately double that for the nation.²² In August, the

²²In August the number of recipients in 38 states and one territory with approved plans was 130 per 1,000 persons 65 years of age and above. The figure for each of the Southwestern states with approved plans was: Arkansas, 148; Missouri, 141; Louisiana, 117; New Mexico, 79; Colorado, 327; Oklahoma 320; Texas, 256.

number of recipients of children's aid per 1,000 estimated population under 16 varied from 3 in New Mexico to 17 in Arizona.²³

The states of the Southwest have followed the example of the national government in providing unified administration of these programs. The three states having approved plans for the three types of assistance have a single state agency and a single local agency in each area for administration of all three plans. In the three states having approved plans for two forms of assistance there is unified state and local administration. In most cases the administration of these activities has been combined with one or more other welfare activities in state and local administration.

The same general plan for organization of the state agency has been followed in most of the states. In all of the states except Arkansas, New Mexico, and Louisiana the approved plans are under the control of a state board or commission, with overlapping terms and usually unpaid or serving for a per diem only, and an official having charge of actual administration. The administrative official is customarily responsible to the board; however, in Missouri the State Old-Age Assistance Commissioner is appointed by the Governor with the consent of the Senate and works with the Board of Managers of Eleemosynary Institutions. Arkansas has a small executive committee which may act for the board and which supervises the director. In New Mexico the plans are administered by a small commission. The temporary plans established in Louisiana by executive orders are administered under the sole responsibility of the Director of the Emergency Relief Administration.

Whereas local responsibility has been dominant in financing and administering these programs in the United States in past years, the present trend is toward a much greater measure of state responsibility. This tendency is shown clearly in the approved plans of the southwestern states. Except for the payment of all or part of local administrative costs, local participation in the costs of these programs is rare.

²³The average for 22 states with approved plans was 15. Figures are not available on the proportion of total blind population aided. The figures on percentages of total aged and children aided were taken from a bulletin of the Social Security Board.

The entire benefit payment comes from the state and federal treasuries in nearly all of the state plans. Some participation of the counties or other local areas in administration is provided in all of the approved plans except the Texas plan for old-age assistance. In most cases the local cooperating boards are locally selected, but in a few cases they are selected by the state authorities.

The extent of state control over local authorities varies from state to state. In some states disbursements are made from the state office; in others, allotments are made to counties, and county authorities handle the distribution of benefit payments, subject to periodical audit by state officials. A state field force usually maintains contact with the local authorities. Provision is customarily made for final decision on applications by state authorities. Hearings on applications which have been rejected are ordinarily held before the state board or some agent designated by it. The state authorities are, in most cases, given some control over the qualifications or selection of local employees.

The first unemployment compensation statute in the Southwest was signed by the Governor of Texas on October 27. The law provides for a pooled State fund and allows a merit rating for employers. The law will be administered by a commission of three appointed by the Governor with consent of the Senate. The chairman of the commission will act as executive director.²⁴

V

A number of important problems in administration and policy will arise as the program of the Social Security Act is put into effect over the nation. The states of the Southwest will face problems similar to those before states in other sections of the country. First, there is the difficulty of obtaining qualified personnel. The lack of strong public sentiment in favor of well-paid, non-political, permanent administrative staffs may lead to unsatisfactory administration in many of the states. The effect of denial of authority to the Social

²⁴Most of the factual information in this section was derived from reports on the various state plans prepared by the Social Security Board; information on the plans of a few of the states was obtained by correspondence with the respective state authorities. Unless otherwise stated, all information is dated September 1, 1936.

Security Board to set personnel standards in unemployment insurance administration is partially overcome by national control over personnel of employment officers,²⁵ but no similar compensating factor exists in the case of administration of assistance programs. There is, moreover, a lack of trained social workers in the southwestern states. Special training program and university courses in welfare administration have been instituted in a few of these states, but many years will be required for adequate training of welfare workers and the development of public sentiment favorable to the use of trained persons in welfare administration. Another task facing the states is the maintenance of adequate central supervision over the many local units participating in administration of the programs for assistance to aged, dependent children, and blind. The tendency toward greater state responsibility has been noted; some of the states do not, however, provide adequate means for maintaining satisfactory supervision. There is, moreover, the problem of establishing organization and procedure for fair hearing to all parties before payment is finally denied. New administrative jurisdictions must establish confidence in their regularity and fairness of their procedure. Their work will be particularly significant in the decision of cases which arise under the requirement of the Social Security Act that unemployment insurance shall not be denied to the laborer if he refuses to take employment where "the wages, hours, or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality" or where his unemployment results from a labor dispute or the failure to join a company union. In some states constitutional doctrines on the scope of judicial review of administrative decisions may impair the effectiveness of special administrative tribunals. Finally, many important questions of public welfare policy,—questions concerning amount of benefit payments, eligibility for benefits, treatment of minority races, type of unemployment insurance system, will face legislative bodies during the next few years.

The largest organization unit of the Social Security Board will be the Bureau of Federal Old-Age Benefits. This Bureau

²⁵The Wagner-Peyser Act not having prohibited federal control over personnel in state employment offices, the United States Employment Service has required competitive examinations for selection of personnel.

will maintain individual records showing the earnings of approximately twenty-six million employees of some three and a half million employers. Nevertheless, the most difficult task of the Board during the next few years will be found in its relations to the states. It is the responsibility of the Board to maintain standards of effective administration; on the other hand, the Board will desire to extend the benefits of the program and will be subjected to considerable criticism if it withholds approval of state plans. It must necessarily steer a middle course between desirable standards of administration and the urgent request for federal funds. It may be expected that initial standards of administration will be low in many areas, but cooperative activity between the national and state governments over a period of years may result in the progressive elevation of such standards. The employment of qualified personnel is, however, the key problem; unless national standards of employment can be imposed, satisfactory standards of administration may not be expected.

SOCIAL WORK ASPECTS OF THE SOCIAL SECURITY ACT

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The Social Security Bill is a landmark in American social legislation. After lagging behind every other modern nation, the United States, for the first time, acknowledges its obligation to equalize some of the sharp differences in economic conditions of its citizens, and this it accomplishes by the two devices in which the other industrial nations have had considerable experience: social insurance and national, public assistance. To social workers it seemed impossible, as short a time ago as ten years, that the federal government could assume any responsibility for social welfare, or attempt to raise the standards of public assistance to a humane plane, or to equalize them throughout the United States. Nor are social workers entirely free from the fear that the Supreme Court will declare that the whole plan is unconstitutional. Unless, or until, such a catastrophe occurs, the administration of the Act will be a stimulating influence on public welfare services throughout the country to a degree never before reached, and not possible by any other means. Up to the Great Depression, welfare projects outside institutions had been largely left to the initiative and generosity of local units. The states had ample power to step in and to promote decent care for its out-door dependents, but until 1931 none had done so; and until the passage of the Social Security Act in 1935, only a few had taken any responsibility of this sort, except such as had been forced upon them by the administration of the loans to states for relief purposes under the Reconstruction Finance Corporation in 1932-33 and grants by the Federal Emergency Relief Administration since 1933. Consequently, there had been wide variations between communities in the same state, all governed by the same basic law, and between the laws of different states. For instance, Arkansas had a permissive law by which the local political units could grant aid to mothers under certain conditions. Only one city, Little Rock, had taken advantage of that enabling act up to 1934, and at times it was seriously considering the wisdom of repealing its ordinance, because in spite of its best administration the city was

becoming the Mecca of the eligible mothers of the entire state. It was—and in many respects still is—the scandal of the policy of placing not only responsibility but power of initiative in welfare matters with local units that a premium was placed upon niggardliness and barbarous neglect of those whom even the poorer nations of Europe had furnished with some sort of economic defense. The only conceivable method at once to cease penalizing the generous community and at the same time to insure some measure of protection for the economically defenseless is federal participation. The way of the Social Security Act may not be the only possible one, but it is the only one that has been tried so far.

On viewing the other side of the ledger, the Act presents some glaring omissions. It has all the appearances of being a compromise: not what the President's Commission on Economic Security believed was necessary, nor what the experience of other nations with social insurance and our own with public assistance have demonstrated as practical, but what could pass the Congress, and—perhaps—run the gauntlet of the Supreme Court. The limiting nature of this compromise is shown in two ways: instead of being a comprehensive law covering the subject matters with which it deals it attacks them piecemeal. Recent legislation has all been in the other direction. Denmark only last year brought all its welfare legislation, including social insurance, local and centralized administration, public and private effort under one comprehensive act. This is the tendency of the oligarchial countries, Germany, Italy and Russia, and was approximated so far as social insurance is concerned by England in the Act of 1911. Our Act breaks with these precedents; it picks out certain beneficiaries and ignores others in what seems wholly an arbitrary manner, e. g., the crippled child is pointedly indicated for good and potentially adequate care; the child with heart disease, or who is born syphilitic, or who is handicapped by any one of a number of troubles is passed by. The crippled child has been duly publicized, a powerful fraternal order has thrown its weight into the task of caring for him, there is no stigma attached to being crippled, and so on. But social workers are coming to be very critical of any provision for special classes, even though such classes may be determined by medical diagnosis. Contrariwise, social workers feel that the only just method of approaching the problems of de-

pendency is to handle them as dependents, not as special classes, as folks who for some reason cannot support themselves, not because they happen to be widows, or unemployed.

So in the insurance sections of the Act. It singles out two classes for protection: the aged and the unemployed, but it omits any provision for sickness, by far the most needed and most effective form of social insurance anywhere in the world, and it has similarly omitted provisions for invalidity insurance which is almost as widely spread as sickness, and is a provision whereby those who must cease earning before they are eligible for old age assistance may be assured of protection for which they have made some contribution. The two insurance provisions are not going to be spared violent and to some extent justifiable criticism. That against old age has been aired in the present national election and its precedent oratory. Again, caution to propose only the safest kind of old age insurance has probably led Congress into other evils quite as bad. There is no contribution from the states or the federal government, in order to meet the criticism that it would open public treasuries to increasingly dangerous raids; but it leaves workers who are over forty practically with such little protection that it is all but meaningless to them, and they will have to have their annuities supplemented by the old age pension provision, should they have no other income when they reach sixty-five. And it has made necessary that astronomical reserve fund which has created consternation among the financiers. At least they say it has. Again, it should be pointed out that within the last ten years almost every industrialized nation has passed some old age insurance legislation; each one has faced the same alternative of this mountainous reserve in some far off future, with very slight benefits for the present, or governmental supplementation, and they have all chosen the latter of the two evils.

In signalling out unemployment insurance—or unemployment compensation, as it is called—for the other pioneer effort in social insurance, the intense interest of the nation in the fate of the unemployed was capitalized, but we are venturing upon a form of social insurance which no country in the world has been able to make work satisfactorily except England, and in that country, in order to keep it solvent, and not bankrupt the government, it was necessary to make such drastic alterations in the law that most of the statesmen who

accomplished its reform committed political suicide in the successful attempt. Russia declared four years ago that it would not attempt to pay benefits under it, although it had been the law of the land for fifteen years. Germany and Italy have practically rejected it. Japan has deliberately done so, although it has some very good social insurance laws on its books. The trouble with unemployment insurance is that it can cover only a fraction of unemployment. For the man who is a fairly steady worker, and who is employed in a trade where work runs with some degree of regularity, the short periods of unemployment between jobs, or at times of short shut downs, the protection is good. But for the casual worker, for those engaged in highly seasonable undertakings, and for the phenomena of cyclical and technological unemployment it offers almost no protection whatever; nor is it financially possible to offer it under an insurance scheme. To a certain extent, this is captious criticism, for neither the report of the Commission nor the wording of the Act makes any claims beyond those of offering a limited protection to steady workers, for short periods only. There has never been the slightest evidence that its limited benefits were ever disguised. In fact, the Administration advances the policy of public works as the method of dealing with the unemployed. On the merits of work used to mitigate unemployment more will be said later; but it should be noted that at no time was it the plan to put more than three million men at work through Public Works Administration; and at this writing (October 1st) there are two and a half million on its rolls, against at least three times that many unemployed on a conservative estimate. The cost of work as a means of dealing with the unemployed is staggering, which even this Administration attempted only in part, leaving unsolved the problem of economic security for the unemployed. Every European, Australian, and the industrial nations of Asia and South America have made specific and special provision for the unemployed through a special Unemployment Assistance policy which does not discriminate between the workless, and which does make some aid available to them all on a humane plane. Any social security program which cares only for a small fraction of those who lose their jobs because of dislocations of the industrial system falls short of meeting the elementary requirements of its purpose. This criticism must be leveled against

both the Act and the program of Works Progress Administration, which make no attempt to handle the problem as a whole.

Others, more competent than a social worker, will discuss the economic implications of the Act and of the other measures adopted to promote economic security, but to most of us there is a fatal weakness in the method of financing most of its provisions. A plan which places most of the cost of insurance upon its beneficiaries and upon their employers shares the qualities of the perennially renewed effort to make 'the poor support the poor', a policy which, by lowering the purchasing power of the majority of the population, handicaps industry itself in its effort to reduce the price of its products and thereby widen its markets. If there were no other way, it might be worth the price; but, again turning to European experience, no other nation of that continent attempts so to meet the bills of economic security. However, it should be said that the three oligarchies are moving in that direction. The others frankly aim to place part of the burden upon profits, and even on capital through inheritance taxes. It is clear that in attempting to avoid the Scylla of pork barrel legislation, which contributions from taxes to these insurance funds would encourage, our policy has run squarely into the Charybdis of placing its financial cost primarily upon that section of the population least capable of carrying it.

Leaving now the insurance provisions, it is clear that within the framework of the objectionable policy of categorical relief there are some valuable possibilities. Perhaps at the very top a social worker would place the provision for child welfare projects to which the federal government will make grants-in-aid, should the plans of a state meet the approval of the Federal Children's Bureau. This has all the advantage of a general provision for a whole group, leaving the specific application to the initiative of localities and to their peculiar needs. There are projects in caring for delinquent children, in educating deficient children, in improving foster home care and the protection of unmarried mothers with their children which might never be tried, under our extremely individualistic system, outside the narrow place where they originated, but which under this plan will have a chance to spread to any part of the country which has the intelligence and courage to use them. It is especially valuable in these largely rural southwestern states, where urban cen-

ters are the small minority and vast rural district prevail. In such territory, some strong central authority, with money to offer on a matching basis, is essential if rural children, handicapped by birth or circumstance, are to have any chance to compete successfully in the years ahead of them.

The only advantage the Act gives is in its grants-in-aid for categorical relief, that is, for the aged, the blind, and the dependent child, is that it will stimulate states to make more generous provision for persons in such classes, and it will spread such provision over the entire state, instead of having it centered in a few of the wealthier sections. But it will probably do at least one thing more: it will establish standards of personnel for the administration of these funds. While the Senate struck out those parts of the proposed Security Act which placed supervision over state personnel in the hands of the Federal Board, yet the very fact that federal authorities have to pass on the validity of all state claims for benefits under the Act, places in the central authority a good deal of power to set standards. And doubtless—yes inevitably—if the Act is to be saved from political or other spoilation, a far higher standard of personnel will have to be maintained than public welfare has ever known in any state.

The policy of the Works Progress Administration and of the Social Security Act in omitting any plan for general public assistance is probably to be understood in the light of the previous experience of two years with the Federal Emergency Relief Administration. During that entire period the central government was waging a losing battle along two fronts. The first was the general conviction of the man in the street that relief for the able bodied was bad and that he should be given work instead. This criticism is a part of the general stigma under which the whole project of public assistance suffers, which is a long story, and cannot be recited here. It is of no significance that the stigma is unmerited and that public assistance is sometimes the only real way to meet economic defenselessness. The stigma is there; and no one feels it more than the able-bodied. They want work, not dole. But even more perplexing was the position in which the federal government was placed when it adopted the policy of requiring the states to match its grants as fully as they could. Some states, such as Massachusetts, over the three year period raised as much as three quarters of the total amount spent

for unemployment relief; others, such as Mississippi, raised as little as ten per cent. As one acute observer said, the effort to get the states to furnish their just share of the joint amount needed deteriorated into a poker game between Harry Hopkins and the governors of the various states. It was an intolerable situation, and in the absence of any formula which all the states would accept defining the shares of the federal government and that of the state, a recalcitrant governor could always win out by accusing the federal authorities of sacrificing the poor in order to save federal money. This temptation to make political capital out of the needs of the unemployed was too much for more than one state executive. A year ago last spring, therefore, the President stated that the federal government was out of the field of relief and would stay out and that its contribution to the relief of the unemployed would take the form of providing work, for which purpose the sum of four billion dollars was asked for and granted by the Congress. It was probably some such considerations as these which led the Commission on Economic Security to omit all provisions for public assistance from the proposed Social Security Act.

Work as a means of taking care of the unemployed is not new. There is a long history of it in this and other countries, and many countries today depend upon it for their main or the entire method. The three oligarchial countries of Europe provide work for every able-bodied adult as his only recourse when jobless. Other countries require merely that he be willing to work, and some that he merely register at an Employment Exchange. England has tried work relief, as well as public works, and definitely abandoned them both as "a travesty on work, and ignoring the principles of relief". Without going into the long argument in support of the English position, it can be stated that social workers, at least in the official position of their professional organization, stand unequivocally for the English position. That is not to say that public works cannot be timed to meet the slack of depression. But it should be work for which men are chosen for their fitness and not because of their need, and from which they may be fired if unsatisfactory. The cost of any other work in our present society is too high in money and too demoralizing upon the worker. Yet it can be stated that even under such a general statement there are exceptions,

exceptions that are discovered instance by instance as the needs of the jobless become identified and means of maintaining their morale by fitting work can be discovered. Such is the way Texas is employing jobless actors and actresses to revive the legitimate theater in places and under circumstances where it could have no chance otherwise for existence. Such a project almost ceases to be relief work and becomes a real work project, for which they keep their jobs on their merit, and they are jobs which need to be done and for which the participants have special equipment. There are numberless projects of that sort of a really morale sustaining nature, which do not degrade either the worker or the job. Their criterion, however, is fitness between the job and the worker, not the number that is placed on the job. A wide-awake and resourceful administration will multiply such projects; a routine of inexpert administration would certainly bring down upon its head the severest criticism for wasting public money upon frivolous activities. "Boondoggling" may be a merited title.

The benefits of eight of the nine provisions of the Security Act depend upon the cooperation of the individual states. Old age benefits alone are administered exclusively by the federal government. Of the eight in which cooperation of the states is essential, if their benefits are to be operative, only one is an insurance feature, unemployment compensation. Louisiana, alone of the eight states forming the southwestern section of the country, has passed the necessary legislation, which however has to receive the vote of the electorate in November. This contrasts rather sharply with the rest of the country, for by September fifteen of the forty-eight states and the District of Columbia had passed such legislation, whereas only one in the eight of this section of the country has done so. The prevailing rural nature of the territory might be one explanation, but it is also likely that governors were reluctant to call special sessions of the legislatures, or legislatures to pass laws which the Supreme Court of the United States might declare unconstitutional. If the Court upholds the law before the adjournment of the regular sessions of state legislatures in the spring of 1937, all of them will have passed appropriate laws, as the loss the state would

suffer if it does not do so, and the defenseless position in which it would leave its workers would be arguments no government could face.

Three of the remaining eight provisions of the Security Act called for little or no change in the law of most states.

The program for the promotion of public health merely called for a responsible and cooperative State Department of Health, and all the eight states in this territory have been approved by the federal authorities and are receiving federal grants-in-aid.

The Sections on Maternal and Child Welfare are almost identical with the provisions of the Sheppard-Towner Act, which was operative from 1922 to 1929, in which all the eight states participated; and they are approved for participation in the benefits of the Social Security Act by the Children's Bureau.

The same is true of the provision for vocational rehabilitation, except that Kansas had not been accepted at the time of this writing, being one of the five of the fifty-one states and territories not brought into the scheme.

In addition to the Maternity and Infant Welfare Services, the Federal Children's Bureau has the administration of the provisions for crippled children and for general child welfare services. Either by reason of recent legislation, as in the case of Arkansas, or existing legislation in all the other states except Louisiana, the states of this section have acceptable provisions for care of crippled children and have been approved for federal grants-in-aid. The general child welfare section did not demand any special legislative enactment or even administrative form, but only that plans for child welfare, in rural sections of the state undertaken by a specific state department, be approved by the Children's Bureau. For federal assistance in this field, Kansas, Missouri, New Mexico and Texas have qualified, and they are receiving grants for this purpose.

There remain three provisions for public assistance, the aged, children of dependent mothers, and the blind, and for these the Security Act specifies certain standards the state laws must meet in order to secure federal aid. In all cases the state law must not be permissive, but mandatory on the

must at least share the expense with localities, and set the standards, and too strict residence requirements should not be required.

Only three of the eight states qualify for federal aid for the blind, Arizona, Arkansas and New Mexico. Four other states have laws not acceptable to the federal authorities, Missouri, Kansas, Louisiana and Oklahoma, and one has no law as yet, Texas.

For old age assistance, six of the eight states qualify and are receiving federal grants, the two not yet qualifying being Arizona and Kansas.

In assistance to dependent children there is the greatest spread between the standards of the mothers' aid laws on the statute books and those of the Security Act. When the Act was passed there was no state in this section that met the requirements. Usually the law was permissive; only the largest urban centers took advantage of it, the state did not participate, and only a fraction of those eligible actually received benefits. Gradually states are falling into line, which, however, they can only do by new statutes and by new taxation. According to a digest of state laws as of September 1, 1936, prepared by the Works Progress Administration, no state in the part of the country under discussion is eligible, although all have mothers' aid laws. Most of them are merely permissive, and if mandatory as in Oklahoma, the state does not participate in costs or in supervision. However, last April the states of Arizona, Arkansas and New Mexico were tentatively accepted for federal grants, and at the coming sessions of the state legislatures the defects in the present laws will doubtless be rectified.

The most significant effect of the Social Security Act, however, is likely to be less the amount of money the Federal Treasury will grant the states for their social services, but rather the reorganization of the entire state welfare administration and personnel. The amount of money involved is so great and the welfare of so many of the citizens of the state is so intimately tied up with the operation of these provisions that states cannot afford to permit welfare administration to be anything but the most efficient and the most economical attainable. Already states are appointing commissions on revision of the welfare laws, and at least four, Arkansas, Arizona, New Mexico and Oklahoma, have made systematic

efforts to integrate the state services covered by the Social Security Act. The very continuance of the provisions of the Social Security Act is dependent upon the most efficient administration; and if such an administration is secured, our disgraceful and niggardly treatment of dependents will be a thing of the past.

SOME SPECIAL PROBLEMS OF SOCIAL SECURITY IN TEXAS

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Recent well-known changes in the socio-economic system, originating in the fields of communication, transportation and production, have rendered obsolete the small, isolated community and with it the moral sanctions by which its members were controlled. With these changes have arisen difficulties involving the maintenance of social and economic adjustments for which no completely satisfactory provision has as yet been made. These difficulties constitute the problem of security.

The establishment of commercial relations with all parts of the world and the application of machine processes to manufacture have resulted in the appearance of a multitude of occupations. Individuals are forced by the necessity of making a living to select and specialize in a particular occupational activity, narrowed to permit the acquisition of high skill. The result has been to make the individual dependent upon the continuation of a particular set of relationships. A decrease in demand on the part of consumers may leave him jobless, as may also the invention of a machine which renders his occupation superfluous. The more specialized the individual, that is to say, the better he has adapted himself to the economic system, the more unadaptable he is to the chaos which follows the breakdown of that system. As a result he becomes increasingly dependent and, because of the instability of the system, increasingly insecure.

This condition might be met without too much loss on the part of the individual, if the moral controls which once united the members of the small, independent community could have been extended to include all persons now dependent upon each other's activity for their supply of economic goods. But this expansion has not taken place. On the contrary, the moral controls seem to have receded so that the number of persons toward whom the individual recognizes moral obligations has become limited to the immediate members of his family. Even these ties appear to be weakening. In many instances

at present, brothers refuse to help each other and children refuse to help their parents.

As the moral obligations have been concentrated upon smaller groups, these have attempted to shift the legal responsibilities to the larger community. To this attempt the larger community has always put up a strong resistance. The history of the relief problem in America is in the main nothing more than an account of the conflict between smaller and larger political units of society to determine who should support the poor.¹

The superior strength of the larger political units has enabled them to avoid quite successfully the duty of caring for the needy, but the smaller units have become less and less able to meet their obligations. The gradual rearrangement of economic society into a nation-wide, if not world-wide, industrial community has so far localized the various industries and the income groups that even large sections of the population become helpless on the slightest adverse changes in the economic system. When practically all the workers in the community are engaged in a single industry, the failure of the industry paralyzes the whole community, leaving no resources for meeting the sudden needs. The segregation of working men is often so complete that the local community has none of the diversification necessary to the weathering of a crisis in the main industry.

The larger community, first the state, later the nation, has been forced by the great needs of the last several years to give relief on an extensive scale. But theory and fact remain in conflict. The federal government still maintains that the care of the poor is the business of the state; the state insists that it belongs properly to the counties and municipalities. There have even been advocates of "block-aid", who have argued that if the residents of each separate block in every city and town would take care of its own poor, all would be well. Exception is made only when the need may be interpreted as an emergency, even though, as at present, the condition has existed for several years and bids fair to last indefinitely.

So firm a stand have the antagonists taken that no victory is in sight for either side with respect to the main issue. How-

¹Creech, Margaret D. *Three Centuries of Poor Law Administration*, The University of Chicago Press, 1936.

ever, there has been going on for years a flank attack upon the larger community by the smaller, in which through minor gains, the smaller units have made distinct progress toward their ultimate goal, namely, transferring the whole responsibility to larger units. The technique utilized has been to secure the aid of the larger units for special groups in the population for whom obviously the resources of the smaller unit were inadequate. The form of aid required has never been merely income for the poor; this would have brought up the age-old conflict and prevented action. Aid has always been given to those suffering from special disabilities, such as the blind, the sick, or the feeble-minded. As each of the special groups has been identified and provided for in special institutions, the burden of the local community has been by so much reduced.

The federal government has been slow to accept responsibility even for these special groups. A few experimental moves to aid the states, *e. g.*, the Sheppard-Towner Act, were until recently the only instances of federal recognition of responsibility to individuals in need. With the present administration, however, has come a great change. It is probably this change, namely, the recognition by the federal government of an obligation toward needy citizens of many different kinds, which most clearly distinguishes the New Deal from its predecessors. The recognition, however, has not been complete. There is still insistence upon the primary responsibility of the several states, in the meeting of which the federal government is only offering assistance. Yet in setting up the conditions under which assistance will be given, it is clear that the federal government is going far toward taking complete charge of the situation.

An examination of the relief history of Texas shows that it has closely followed the general course of events. Like other states, Texas has long held that, except for special groups, such as the orphaned, the blind, the crippled, etc., the state should not be involved in relief work. The fact that Texas has not been highly industrialized has made it possible to maintain local responsibility with a minimum of difficulty. Agricultural communities have been accustomed to provide for themselves without outside aid, even against severe economic adversities. The result is that Texas has been poorly

prepared for meeting the new demands made upon the state in the administration of the various phases of the Social Security Act.

The framers of the Texas constitution, desiring to prevent the abuse of power by the state government, placed in the constitution certain provisions forbidding the legislature from paying out money to any person except in consideration for public services. Valuable as these provisions may have been in the past as a means of preventing appropriations of state funds for improvident purposes, they have proved a serious handicap to the state in its efforts to provide the aid required by citizens reduced to need by the economic catastrophes of recent years. Almost every piece of legislation proposed in the field of social security has encountered serious question as to its constitutionality. In the election held November 3 the people voted upon two amendments designed to liberalize the constitution with reference to security legislation. These amendments relate respectively to retirement plans for teachers and to unemployment aid and insurance. The lack of constitutional authority has delayed for many months the passage of legislation necessary to the welfare of the groups involved. Under the laws now in effect in Texas citizens may receive the following services offered under the terms of the Social Security Act: old age pensions, old age insurance (to begin in 1937), maternal and child health services, services for crippled children, child welfare services, vocational rehabilitation, and public health services. Texas has not qualified with respect to aid for the needy blind, aid to dependent children in their homes, and unemployment compensation.²

Another of the special problems of Texas is that of personnel for the administration of social security laws. Texas has had until recently a relatively small urban population. Consequently, practically all social work has been carried on by individuals or small organizations, mostly private, with few trained workers. This condition has changed somewhat within the last few years in one or two of the larger cities, but it is still true that there is very little social work of professional grade in Texas. As a result, there has not been

²*The Public Welfare Journal*, (Dallas, Texas), Vol. I, No. 7, October, 1936, p. 7.

available a trained body of persons from which individuals could be secured for setting in motion the state's new machinery for social work.

Unfamiliar with the nature of social work, many of the citizens of Texas are unable to understand the necessity for it, and consequently look with suspicion upon the establishment of a system in which it plays an important role.³ As a result, it may be predicted that for some time to come, the quality of social work in the state agencies will be no higher than the minimum standards demanded by the federal government, and compliance will be made reluctantly, with the feeling that the state is being coerced into making unnecessary expenditures. Under these circumstances maximum efficiency in administration will be difficult to attain for a long time.

A further difficulty, which Texas shares with other states of the Southwest, arises from the occupational distribution of the population. Most of the provisions of the Social Security Act are based upon the assumption that society is industrialized, or that industrial workers are the only ones who need protection against loss of income due to causes beyond their control. While it is true that there has been a great increase in industry in the Southwest, agriculture remains the chief economic activity. It has not, however, escaped the effects of industrial conditions. Under the one-crop system, which is the rule throughout the cotton areas of the Southwest, the farmer is as much at the mercy of price fluctuations and depressions as the city worker. That this condition is appreciated by the federal government is evident from the considerable body of legislation passed with the hope of solving the "farm problem." Unfortunately, the major part of this legislation assumes farmers to be land owners, or at least independent producers. Insufficient account is taken of the fact that an ever-growing proportion of the farming population lives on rented land and that many farmers own nothing in the way of stock or implements. The dependence of such persons upon favorable prices and crop yields every year is quite as great as the dependence of the industrial worker upon the product of his labor. The neglect of the

³See *Senate Journal*, Forty-fourth (Texas) Legislature, Third Called Session, September 28, 1936.

share cropper in the security scheme means that the Southwest will have to meet the problem of agrarian rehabilitation with federal aid.

One other problem remains to be mentioned, namely, that of finance. Even under the beginnings of the social security program as now being conducted, the chief item, old age pensions, shows costs running up to large figures. To reduce these costs is legally possible, but humanly difficult. Investigation reveals more eligible cases than had been anticipated; the amounts paid out, while large in the aggregate, are obviously too small in many cases to enable the recipients to live at any acceptable standard.

To raise the required sum new taxes must be imposed. In attempting to do this the legislature faces a difficult situation. The real estate owned by small business men and by farmers has already been taxed about as much as it can stand; so also have tobacco, alcohol and gasoline. The large corporations engaged in the exploitation of the natural resources of the state present a powerful organized resistance to taxation which is all but impossible to overcome. The legislature is faced with a dilemma, either choice of which will gain for it the disapproval of strong interests. Without taxes there can be no security program; to which all beneficiaries, actual and potential, will object. The financing of an adequate program, on the other hand, will offend those who must pay the taxes.

Prospects for the future of some years hence are no brighter than the immediate present. As time goes on, it appears that larger and larger portions of the population will demand aid. Unless there is an unprecedented and unexpected increase in wealth, tax rates will have to be still further raised.

The administration of the security program in Texas seems, therefore, fraught with difficulties. Unprepared by experience and viewpoint, the state is suddenly confronted with the problem of raising and spending more money than has ever been spent on any undertaking other than education. The program involves spending on a project new to most citizens, regarded as of doubtful value by some. It represents a sharp break with the traditional belief that every man must fend for himself. It is clear that the program can not be effectively carried out by a mere extension of the existing forms of governmental agencies. A separate administrative

organization in sympathy with the program and with properly qualified personnel must be established before success can be anticipated. Only the most careful, economical, and efficient administration can keep the program from bankrupting the state. Fortunately, plans are being laid for such an organization. The required needs appear to be met in large part by the department of public welfare as proposed by the Texas Planning Board. This, if made sufficiently comprehensive in scope and non-political in operation, will provide satisfactory technical machinery for handling the new problems as they arise.

RESEARCH PROGRAM IN RELATION TO ECONOMIC PLANNING FOR AGRICULTURE

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Directing business procedure requires rather comprehensive as well as accurate information regarding existing practices and an understanding of the factors that contribute to relative success or failure. Research consists of the collection of facts and the discovery of relations which will supply this information. A well founded system of economic planning would necessarily be based upon research results or other established facts, which, in brief, expresses the relation of research to such planning.

The guide to research procedure as an organized program is the effective use of the results after they are obtained. The viewpoint as regards the method of making the most effective use of results in terms of agricultural improvement may vary considerably. Methods in the past, so far as giving direction to agriculture is concerned, began by modifying individual farm operations and practices, mainly in the nature of technical improvements. As one fault after another was corrected, it was expected that the farm would be profitable. As other farms were added to the profitable list, it was expected that the community as a whole and the region would be successful. The opposite approach would be to consider first the factors essential to the success of the region or area, and later as a matter of detail proceed to a consideration of the individual farm and finally perhaps of specific farm practices. The middle ground of these extremes would be to start with the individual farm as a unit, from which point of view account would be taken of the technical factors involved in production, on the one side, and, on the other, the broader forces affecting the organization of enterprises and management.

Before expressing my own view as to how or to what extent each of these points of view may be used in a system of agricultural improvement, or to indicate how, in my opinion, research may be made to function better than at present, I wish to give a rough sketch of past and present research procedure and accomplishments.

While research in the last decade or two has made remarkable progress, it is still lacking in certain important essentials.

A few of its well-known characteristics will illustrate. Research even in the experiment stations is carried on by individuals rather than as a closely organized system. Most workers are given fields of study, which they pursue almost entirely independently of each other, and the degree of organization as a whole of these independent efforts is for the most part in the selection and approval of projects for study. In the utilization of results, coordination either in the results themselves or their applications has been for the most part lacking.

The typical agricultural worker has been prompted perhaps more largely by intellectual curiosity to the ends of personal satisfaction than to public service. While this element in human nature is no doubt a valuable asset, it does not always lead to a definite objective, particularly in terms of needed information for agricultural planning. Moreover, in this and other respects the research field to date has been utilized in no small part as a training ground for future educators. This is perhaps the inevitable result of the stage of research development through which we are passing. Organized research is comparatively new in our educational system. Its greatest accomplishments to date have been in developing a scientific point of view, a working technique, and a new professional field.

Another criticism that seems warranted, in particular reference to some of the technical phases, has been the failure to include such data and interpretations as would make possible the economic application of the results. The benefits of research, when the results are applied, are for farmers, not for the sake of the farms, the plants, nor the animals themselves. That agricultural research and the application of its results, regardless of the kind, have an economic or social significance, and only that, has not been fully realized in all instances.

Economic research is not excluded from most of these criticisms. The present immaturity of the science from the statistical viewpoint and the lack of more definite and concerted objectives in terms of the usability of the results are noticeable. The economics group, in respect to presentation of results for direct application to farming, has met with somewhat greater difficulty than most of the others. It is easier to prove experimentally that one variety of corn gives

better performance than another than to prove that one system of farm organization is superior to another. At least the proof is more concrete and more convincing. The economics group, however, in the very nature of the case, has not erred, so far as concerns their intentions, in basing their research on economic objectives. Coordination of research results in their case, however, has likewise been only partially realized.

The supply of research information of all kinds in relation to demand for economic planning, while more plentiful along some lines than others, is meager. This is largely explained, as stated earlier, by the short period of research history and the fact that research method and quality of information have gained at the expense of volume.

May I say at this point, before beginning on what are intended as the more constructive elements of this discussion, that the foregoing criticisms do not apply universally. There are notable exceptions to be found throughout. The high points mentioned present by no means an adequate, nor in some respects a fair, picture of research procedure. The purpose has been to indicate roughly the shortcomings in the research field, particularly those which have a direct bearing on the success of a program of economic planning, and to contrast these shortcomings in research with what I would propose as an improvement.

The only reason for having a research program is that research is considered the best way of gaining an understanding of agriculture and its possibilities. For the purpose both of interpreting results and applying them, I am convinced that the effort should be unified and applied as far as possible to a definite, tangible, and concrete basis. The conditions determined by natural environment come nearest to fulfilling this requirement. An area with a high degree of uniformity in soil, climate, and topography is a natural laboratory for economic study. One thing in agriculture that should be taken into account and never neglected is getting the maximum aid from nature. This is done by the selection of enterprises the plants and animals of which are best adapted to a particular set of natural conditions, account being taken of the value of output in relation to the effort expended. Where there is uniformity in soil, climate, and topography, agriculture, has,

by the process of trial and error of farmers, reached a degree of standardization, which rather definitely outlines such areas.

Such a natural area is a tangible basis for organizing and coordinating research and would be more fruitful than the present unorganized system in supplying more adequate and usable information for economic planning.

If the research attack is to be centered on the situations described, several questions must be answered. Among them are: What research information should be obtained? In what respect would the information obtained be superior or more useful than what we have at present? And how might the information be used in economic planning?

I would answer the first question as follows: Each research worker would carry on his field studies in the natural agricultural area, collecting his data and making his interpretations apply to the given situation. For example, the agronomist would study fertilization and soil improvement according to specified conditions, taking into account not only natural soil types but weather conditions. The plant pathologist, entomologist, agricultural engineer, horticulturist, etc., would follow a similar procedure. Distinction needs to be made here, of course, between the phases of research in the so-called basic sciences that have to be done in the laboratory or hot house and the phases which apply more directly to field conditions. The data needed for specified field conditions are those upon which recommended methods of control are based.

In particular reference to these phases of research, additional information in the nature of the physical requirements for soil improvements, pest and disease control, etc., which would make it possible to give such data an economic interpretation, would be made available. It is not enough to say that legumes will improve the soil to the extent of a given percentage of increased yield the following year, unless we can also answer the question whether it will pay, or under what price conditions it will pay to use this method of fertilization as compared with an alternative method.

The economists would make basic studies of farm management, giving particular attention to physical requirements in production and physical output, to the organization of enterprises and their comparative returns, and to information which would be capable of interpretation in terms of income

and efficiency under different price conditions. Such basic studies would be followed annually by the collection of certain major items of farm information such as yields, amounts of fertilizer used, and such other items as would indicate major changes from year to year and from which estimates of current income could be computed. Other of the more general phases of economic research, such as price, credit, marketing, and taxation studies, and likewise studies in rural sociology, would accompany and be interpreted along with the other data, the whole to be used toward the understanding of agriculture and for planning improvements.

Both in method and results, the research program would be superior to what we have at present. It would be organized better in respect to definite objective and perspective as a whole. The volume of information would be greater. One set of results would help to interpret another. Individual research workers would develop a keener sense of responsibility in both planning research and interpreting their results, in such a way that the results might be taken by others and applied to practical improvements. Coordination would operate from the beginning in research, as compared with the futile attempt thus far to coordinate results after they are obtained. And above all, from the point of view of planning, research results would be applied collectively, as a body of information, to a well-defined agricultural situation.

Economic planning for agriculture, in my opinion, has two aspects. One of these is related to planning for the individual farm, embracing the selection and coordination of farm enterprises and various details of management relating to efficiency. The types of research information enumerated would be suitable to this phase of planning, and in a uniform area could be applied generally to farms as a group. The other aspect is related to planning for the area as a whole, which involves a broader perspective of agricultural production. This aspect is fairly accurately described in the point of view commonly maintained in the more general phases of federal and state outlook work. The detailed research information applying specifically to distinctive situations, for this broader purpose, would be supplemented by all of the more general information obtainable relating to business activity, supply and demand, prices, and the like.

These two aspects, it will be noted, are not distinctly separable but practically represent different points of attack toward the understanding of agriculture and the organization of results for bringing about improvements. Going back to an earlier question: whether the approach to a program of agricultural improvement should be through the gradual correction of minor details, each separately; whether starting with the individual farm unit with account taken of operating details, on the one side, and the broader influences affecting agriculture on the other; or whether the approach should begin with the regional point of view and work downward, my answer would be that for certain purposes all three points of view should be maintained. Certain types of information are, in their very nature, subject to broader and more general application than others. The middle ground as a starting point, with the purpose of interpreting farm organization and management within the limits of the natural agricultural area because it affords a tangible, concrete basis of attack, is to be preferred. Rather than depending upon the disposition of individuals to work together toward a common goal, coordination of effort by the means described becomes impersonal.

Agricultural thought, however, should go further than the uniform area analysis. How would regional planning for southwestern states materialize? It could be made a product of the local situations treated by being a composite of them. The farm program determined for an agricultural area as limited very largely by natural environment, particularly as relating to the organization of enterprises, relative dominance of one enterprise as compared with another, and changes taking place in this respect from time to time, depends upon at least two broad considerations. One is the competition as between areas in supplying the total volume of product for the market. The other is the alternatives available to either group. For example, a farmer or group of farmers in a given geographical situation will select as the major enterprise, or enterprises, the one that pays best, and he will supplement it with others that fit in with the available labor, etc. It may be that he can not produce any one product as cheaply as it can be produced elsewhere. He may, on the other hand, add a supplementary enterprise, as livestock, to a major enterprise like cotton and handle it at a comparatively low cost, provided

he could use what would otherwise be waste resources and provided further that he does not expand the enterprise much beyond the utilization of such waste. Regardless of the combination of enterprises used, however, he selects them on the basis of the more profitable alternatives. It is in this way that groups of farmers supply products for the market, and it is by various means that each group is able to meet competition with apparent unequal advantage.

As between the homogenous areas described, when enough facts are available, similarities as well as differences will be found. The regional plan of production, so far as concerns a common policy, would be based upon an evaluation of these similarities and differences. To this composite picture, for the purposes of broad interpretation, would be applied the more comprehensive body of agricultural information available. For example, if it could be determined for a given year that 4 million bales of cotton would be a desirable volume for the state to produce, with sufficient knowledge of local situations, the relative amounts that would be logical for different parts of the state might easily be determined (barring upsets of drouth, boll weevil, and other uncontrollable occurrences). Such allotments could in turn be translated in terms of the farm program both for areas and individual farms.

To summarize, in order to find a basis for outlining the function and methods of research for the purpose of economic planning, I have assumed that the definition of economic planning for agriculture is equivalent to an organized system of bringing about agricultural improvements, both for short and long-time purposes. The shortcomings of existing research programs were mentioned to show the need for more definite planning in research procedure in particular reference to coordinating the various phases and the results in order that the information obtained may be more complete and more usable for the purpose intended. Research could be made to function better, it is felt, if it were fully realized that the purpose of all research is for economic or social improvement and a common point of attack for all workers could be found. Agriculture as found in comparatively uniform geographical areas is suggested as the basis for this common point of attack.

From the position of the individual farmer in such an area, when various types of research information were collected, interpretation could be made of the effect on him of improve-

ments relating to technical agricultural practices, the effect of a given organization of enterprises and business management, and also the effect on his operations of the more general factors applying to the region or to the country as a whole. Much of this type of information is subject to quite general application provided the general application is confined to conditions of farming that have a high degree of uniformity in a given territory. From the interpretation of individual and groups of farms, a program for the area could be formulated and, likewise, but much more roughly, for the region as a whole.

The organization of the research program, as stated at the outset, is or should be guided by the fundamental purpose of it, namely, agricultural improvement; and the application of the results to the end of agricultural improvements depends to no small extent upon how research is organized and how the interpretations are presented.

I should like to repeat that, because of the practical possibilities of building up the composite picture of agriculture by assembling and coordinating the different types of research information as applied to definite situations, over a period of time, whether economic planning is intended for the farm as a unit, a homogeneous locality, or a region, the organization of research as described has distinct advantages.

I should like to confess in closing that the concluding portion of this outline, which at least by inference appears optimistic in reference to the practical possibilities of economic planning in a broad sense, represents an exaggeration of my own convictions. In addition to the objection that elaborate plans become unwieldy, enough account, as in the case of some other plans originating from educational and other institutions, is not taken of the farmer's initiative and reactions. Changes in an industry as a rule are made by individual operators, and the guidance set up can not be too far removed from them. There is a high degree of idealism, if not actual fallacy, in many of the current discussions on economic planning. For a long time at least, more headway in giving direction to agriculture will likely be made by methods of dealing more or less directly with farmers, whereby facts and principles relating to farm efficiency combined with the dissemination of information on supply and demand conditions, pro-

duction and price cycles, and the like, are used to stimulate more accurate thinking in matters of detail and a broader perspective in planning for the future.

The outline of research suggested is not new, neither is it entirely untried. Several of the states and the federal government have made some headway in directing the research program somewhat in this direction. It merely represents a modification of existing programs mainly in the matter of coordination as between the different types of agricultural research. I have not referred to coordination of research programs as between states, because if such a program as described were generally adopted, coordination for the region would be automatic. Neither have I mentioned any of the various legislative programs for economic improvement. There are no doubt also other angles from which the subjects of both research and economic planning might be approached.

SOME PRACTICAL CONSIDERATIONS IN SOCIAL SECURITY LEGISLATION

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The most important feature of social security is the assurance of employment—the certainty of some sort of income through a period of crisis or in the twilight of life. The best means to such income is employment.

If the above is true, the acid test of any piece of social security legislation is its effect on employment conditions and employment. If the effect in any way restricts or retards employment, it is to that degree harmful. If the legislation, assuming that the general effects are good, can be designed to encourage employment and employment conditions, the legislation is just that much better.

In all cases where the employee pays a tax or makes a deposit, or some other form of contribution, it is not only logical but necessary that the amount paid be measured in terms of his income. Being a charge against income, it is a payroll tax or premium. But why should the employer's share also be gauged by the payroll?

Anybody can see that a tax paid by an employer on the wages he pays, a tax which rises with the amount paid per person, and in the aggregate, a tax which falls if aggregate wages fall or if a single employee's wages fall, is a tax which in effect retards wage advancement and total wages paid. It is a tax which will accelerate wage cuts and unemployment. Few laws could play more effectively as a stimulus to the introduction of labor saving devices than taxes based on payrolls.

The employer considers hiring a new clerk at \$100 a month. Suppose he must also pay combined taxes of \$120 a year on such an employee. One's first thought is that he would seek to hire the clerk at a wage of \$10 less a month. What really happens is that he reconsiders the matter and employs the additional person only if he cannot avoid it. Additional stimulus exists to get along with fewer employees; every labor saving device is given an additional advantage against labor; everybody seeks to invent some way to avoid hiring an additional person. Entire organizations have been broken into

many small units of independent operators, each to be free from part of the taxes and able to operate with fewer persons. That is not the worst of it. The calamitous result is that all will seek to reduce the number of laborers now needed. If ever a device was sought to retard employment, the devil could not have suggested a more direct one than a tax on wages paid.

What is being said is not offered as an argument against social security. It is an argument against the payroll tax as a means of financing it. Let the tax experts of the nation devise some other form of tax. Suppose it was a tax on invested capital, or even on gross sales, or a mixed tax, part on one, part on the other, devised so as fairly as possible to put the charge on the business of the country. It needs to be levied on as stable a base as the ability to pay will permit. It has to be paid from receipts like any other tax. The problem is to make it equitable. Equity does not require that the tax be proportionate to the payroll. Suppose two businesses make a profit of \$10,000 each a year. One hires two men, the other ten men. There is no particular harm as far as social security is concerned if each pays the same tax. There is good reason to argue that as far as contribution to social security is concerned the man who employs ten men is doing a good enough job not to have to pay as much tax as the one who, though earning as much, employs fewer men.

It seems that here is a case where possible avoidance of the tax by possible employment of more and more people without increase in tax would actually contribute to the general welfare. If the plan be such as to encourage rather than discourage employment much has been gained. It cannot be too strongly emphasized that since employment is the desideratum, thought should be given to frame the laws so that employment rather than unemployment will be encouraged.

Not only will it be helpful to devise a scheme under which employables will be employed without direct penalty, but also under which industry will be stimulated to give employment to the old or to any who may be partially employable. If even tax reductions were used to bring this about, there would be a net gain to the government, as well as good fortune to the employed.

Notice this case in a related field which illustrates how a plan, highly desirable to all those enjoying its advantages, may

have and does have an undesirable effect on reemployment. Group insurance is one of the beneficial developments of the last twenty years. However, the insurance of every employee and the payment of part of the premium by the employer retards the employment of men past fifty. Since the insurance premium for each person becomes greater each year, if the average cost to the employer is to be maintained at about the same level, every vacancy and every new position must be filled by as young a person as the required qualifications permit. This situation would not exist if no part of the premium were paid by the employer, or if new persons employed at older ages did not have to be insured. The insurance is highly desirable, but a man past fifty looking for a job had rather be uninsured but employed than both unemployed and uninsured.

While we are planning we should plan for the employment of all. Why should not old people, the blind, and the cripple perform labor that is suitable to be done by them? If there are ten people in a group it requires little thinking to conclude that the burden on each is less and all are happier if all ten does each his share rather than that six should have the double task of maintaining themselves in hard labor and the other four in leisure.

Another feature of the present social security legislation that is serious is the proposed accumulation of reserve funds sufficient at maturity to make the entire payments.

Good argument can be offered for taking the best possible care of the payments of any individual by means of reserve funds out of which repayment to him can be made at any time according to the government's promise. Just as good reasoning can be advanced for no such reserve fund, the government making payments each year from the collections for the year. Reserve funds are needed by private insurance corporations to enable them to meet their obligations. The only source of funds is the payments voluntarily made and preserved. Social security funds are intended to be the product of compulsory taxation. A government can levy taxes to care for annual needs. The collection and custody of fifty to seventy billions of dollars of reserves in advance of needs is a needless burden. The accumulation of such funds would lead to extravagance and sheer waste. It is wiser not to provide the reserve than to squander it after it is provided. Only a buffer reserve needs to be established. In depression years

taxes decline; in prosperity years something more than necessary might be collected to take care of deficits in poor years. Past history suggests that such a policy may be questionable. The excess funds of prosperous years might better be used to liquidate governmental debts, so that deficits in poor years may more easily be taken care of by new debts.

It seems unwise in such a matter for a government to try to run ahead. Most governments, although having officials who preach "pay as you go", are in debt; it has seemed impossible to have each single year pay its way. The present social security laws expect the government to collect more than is needed today to be ready to pay tomorrow. It seems too much to expect governments to change so quickly so radically. Even when they have been collecting less than today's expenditures, some governments have found themselves unable to levy sufficient taxes to pay today's obligations and have resorted to currency debasement and repudiation. It will be difficult enough to collect each year enough to pay the year's obligations. To collect enough for the present need will have the merit of always having the present need as convincing evidence of the desirability of the tax. It will have the merit of at no time making a promise and then possibly choosing not to fulfil it. It will have the merit of letting the people of any period adjust their own burdens to such an extent as they feel the necessities require.

Since the cost of social security is staggering, the plans for it should be based on a wise economy. Any government which undertakes it must develop plans to encourage employers and employment so as to decrease the amount of unemployment and the cost of security. There should be little hesitancy in choosing the simplest type of fund, "the pay as you go," so as to have as economical a flow of funds as possible. If such evil effects as those mentioned above cannot be eliminated, we may get further by concentration on plans for individual security.

GEOGRAPHY AND THE RELIEF PROBLEM IN TEXAS AND OKLAHOMA

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Three critical land utilization problems bearing upon economic security and relief in Oklahoma and Texas are subject to geographic analysis, for they owe their character, and even their existence in considerable measure, to the physical setting in which they have developed. These three problems are: the agricultural occupation of submarginal land, which will not return an adequate living as now farmed; the decline of agricultural land under use, which has stranded many farmers after their resources have been exhausted in a losing fight; and the prejudicing of agriculture by actual or potential oil development through physical damage to the land and the imposition of tax burdens which agriculture cannot carry. The distribution of agricultural population in the Southwest does not coincide with the ability of the land to support farmers. Farm population in Oklahoma especially is much too evenly distributed. This is in considerable part due to the rapid opening of the lands which left little opportunity for evaluation of the productivity of the land before taking up homesteads, in part to the hysteria of the "runs" and the fact that the land was free for the taking, and in part to the homestead laws which did not take cognizance of differing productivity in prescribing the unit size. Many of the tracts that were homesteaded are quite incapable of returning an adequate income with the unit size prescribed by the homestead laws. Lands have been settled rapidly, without adequate knowledge of their capabilities, the poor land with the good. In waves of settlement several kinds of poor regions were occupied. Belts of sandy soils derived from outcropping sandstones of the coastal plain of Texas, eroded plains on sandstone in central Oklahoma, and mountains and maturely dissected plateaus in eastern Oklahoma were taken up along with the better lands. Readjustment of numbers to the fertility of the land has occurred in some places in the two states, but several things have retarded it greatly. On the whole, the settlers were an acquisitive type of pioneers. Opportunities for amassing small fortunes were envisioned by many as the reward in the new

lands rather than the fashioning of a homestead. True stories of great profits from crops and land speculation encouraged credence and optimism. The period of the war with its unnaturally voracious market and high prices encouraged farmers to mine their land as furiously as possible, to abandon worn out acres, and get a new farm. The adjustment of agriculture to the nature of the land has been hindered too by the rapidity with which many of these lands have declined. Before the farmers really found out how to work their land and still preserve it, the land had gone.

However, many of these areas of poor land are better suited to a self-sufficing type of agriculture than are some of the more productive lands. There are woods and in many places, good water supply, and the soil, though poor, is adapted to many different kinds of crops and is responsive to some little improvement. The sandy lands are likely to suffer less during very severe droughts than the tighter lands in the more productive regions. As a consequence, farmers have not abandoned depleted lands but have adapted their standards and their mode of living to the changed conditions. In some of the rougher, less accessible regions, moonshining and the harboring of fugitives from justice have contributed cash income.

The migrations of the depression period have aggravated the maldistribution of population. Many tenants were displaced from the more productive lands, while 112,000 persons in Texas and 71,000 persons in Oklahoma, who were living in non-farm residences in 1930, were on farms at the beginning of 1935. For the most part, these people went to the poorer land areas. Lands in the richer districts were not open to them. They were too expensive to buy and the owners would not permit them to squat. The poor lands were available; often there were unoccupied dwellings that could be fixed up, worn out acres that could be plowed, and, in many cases, there appeared to be no need to trouble to find the land owner. Opinion is divided as to whether it is socially more desirable to support an indigent population through public aid in rural slums or in urban slums. Regardless of the social merits of the situation, the fact remains that the poor lands of Texas and Oklahoma have accumulated an additional population which will make it that much more difficult to adjust the use of the land to its physical capabilities. In the meantime, the only alternative to widespread suffering among the poor people on

these poor lands is public relief. Indeed, the migrations of the depression period have aggravated the mal-distribution of people.

People have become stranded not only on originally poor lands, but also on originally good lands which have declined precipitously in their productivity. Loss of top soil and organic matter has carried many a farmer down-hill with his farm, but so gradually that the declining returns were not seen in their true light. A farmer on such land recently remarked, "Yes, we've had good rains, but somehow they don't do as much good as they used to." By the time farms reach such an obviously bad state that the predicament can no longer be denied, the occupants have often expended the means of moving. As a consequence of past developments, therefore, there are large numbers of poor people farming land that will not yield much more than a bare subsistence. They are chronic candidates for public relief.

In Texas and Oklahoma the rainfall decreases westward, the humid east giving away gradually to the sub-humid plains and finally deserts. As the rainfall decreases it becomes less reliable, and on the semi-arid margin in a zone between the regions of safe rainfall and the regions of obviously insufficient rainfall, opportunities for great agricultural profit have appeared like mirages, and like them have vanished, leaving ruined settlers. Sub-humid years and arid years follow one another in groups in a more or less cyclical arrangement, but no one yet has been able to predict that sequence successfully. The High Plains had to be settled by groups of farmers. Individuals could not invade the region alone to farm. The vast level expanse lacked water, fuel, building materials, and means of transportation. These things could be provided only through cooperative effort. The invading army of settlers brought well drilling machines, wind mills, wood and other materials and laid railroads. A wave of farmers pushed into the semi-arid ranges of the High Plains during a period of inflated prices for wheat and abundant rains, facing the mirage of sudden wealth. Some who were more fortunate made their fortunes and left. Many more made their fortunes and lost them, and then lost everything else.

The broad, open, level lands permitted the use of large scale machinery, so that labor, or the lack of it, was not a

serious handicap. Newly broken land, rich in organic matter, was very productive at first. Prices were abnormally high on grain. Circumstances were conducive to speculative farming. There was an opportunity for great profit if the weather was favorable. When the law of averages caught up with the speculators, there appeared more candidates for public assistance, though generally not for "charity." Even after successive failures on a given tract of land, usually rainy and favorable years have attracted new pioneering souls with laudable courage but questionable judgment.

Scattered throughout the High Plains are areas, some of them large, where the nature of the soil is such that the constant strong winds will lift it or roll it. The dust storms that have resulted from the destruction of grass cover, and the failure of crops in successive years have brought this particular problem vividly to the attention of the whole country. Unfortunately, when the grass cover has been removed, it is not possible in that country to reestablish quickly the original sod. When intensive cultivation, therefore, proves impracticable, extensive grazing is not immediately possible. At the same time, it is difficult even to hold the land, although methods have been devised that will accomplish this nearly everywhere.

That the relief load is no greater in this section may be attributed to the independence of its people. Those who could hang on have done so. Many have left their lands and gone elsewhere, asking only for a place where the odds against them were not so great. The problem of the Great Plains is too tough a one for individuals. Collectively, we should be able to determine the capacities of this region to support a stable population and to work out the devices by which we can maintain agriculture and a social organization.

As has been suggested, erosion and leaching of the elements of fertility have stranded many farm families in poverty. The soils of Oklahoma and Texas are peculiarly erodible. Oklahoma, says the Soil Conservation Service, is the worst eroded state, while Texas undoubtedly has lost a greater total of land value through erosion than any other state because erosion has been severe on land of high original productivity. Spectacular examples of water erosion appear in two quite different land types in Texas, the shallow clayey blacklands and the deep sandy lands of the cross timbers. The heavy blackland soils, shedding water rapidly, have suf-

ferred enormous losses of top soil by sheet wash, but being shallow, have not gullied badly. In many places bedrock is exposed by the complete removal of the soil. Very seldom, however, is the eroded land abandoned. In most cases it is still in farms, and only the most severely eroded is withdrawn from cultivation. The pervious sandy soils, in contrast, do not show at once the ravages of sheet erosion. Rather, they present a problem of leaching and gullyng. Leaching removes the organic matter and greatly reduces the ability of the soil to hold moisture, which in turn accelerates runoff and hastens the removal of the relatively loose top soil. Once exposed, subsoils and parent material of some of the sandy soil types melt away like sugar, leaving nearly vertical sided gashes, often of great depth. The worst eroded fields and farms are commonly idle, but on tracts where erosion has not proceeded to this stage, many poor families are still trying to raise staple crops for a living. Several factors lead to continued destruction of such land by erosion even after the process is thoroughly appreciated by operators of the land. After the land becomes depleted and yields decline, the land must be cultivated more intensively to return the same income, or perhaps a large portion of the farm must be devoted to cash crops if cash income is to be maintained without considerable expense. Such a process, however, tends to deplete the land even more. Soil depletion and reduction in yield exhaust the resources of operator or owner and increase the cost of maintaining continued production. This vicious cycle has carried many farms from a stage where land could be built back with further investment of capital and proper remedial measures, to an advanced stage of decay. The relief and security situation is complicated further by damage to valley lands. Many eroding slopes have dumped sandy debris on fertile bottom lands, rendering them at least immediately sterile, choking stream channels and thereby adding to flood hazards. The occupants of these lands generally go elsewhere, for the problem is beyond solution by single farm operators who do not control the headwater slopes of drainage basins. Before they go, however, they are likely to need help. When they have gone, and the land lies idle or is used only for scant pasturage, the tract contributes little to the wealth of the region or civil unit and thus accentuates the need of occupied poor sections for outside aid. Perhaps even more serious are the increasingly

frequent and severe floods that pour off bare, eroded slopes and inundate the bottom lands whose fertility has not been wasted by erosion.

The blackland and the cross timbers are given only as examples, but while they are extreme, the phenomena are typical. Serious erosion is widespread and is proceeding at an accelerating rate. Over large areas the problem is no longer one which can be solved by individual initiative; it now requires collective action. It would appear that the alternatives are: (1) maintenance of what productivity is left and the restoration of productivity where practical; (2) increasing public subsidy for these areas; or (3) eventual abandonment of the land.

The displacement of agriculture when oil is discovered is immediate and uncontested. The enormous dollar per acre yield of producing oil wells renders any continuation of agriculture during the period of exploitation unlikely under our economic system. If the land continued to produce oil indefinitely there would be little concern over the displacement of farming, but since the oil is soon exhausted, society must consider the after-effects in terms of the regional economy.

Development operations usually render unfit for cropping not only the actual tracts on which drilling is done, but also other tracts onto which oil, salt water and debris may be washed or deposited. In erodable regions, such as the sandstone hills of Oklahoma, this damage has been severe. It is perhaps too early to determine the agricultural future of dead oil fields, but it is certain that farming faces there, not only physical impairment of the land but also serious debt burdens. Contemporary methods of petroleum exploitation induce sudden and great increases in the local population and in the corresponding need for services, utilities, institutions and public works. The customary bond issues to pay for the permanent improvements are attractive to temporary residents who leave long before the period of payment is over. Those who stay discover that the exodus after the boom leaves the splendid improvements in a different light. They are no longer needed but must be paid for, and by a steadily decreasing number of people engaged in declining businesses. In the worst instances, the weight of the tax burden induces further departures, which in turn aggravate the tax burden until it cannot be carried. Property then is abandoned, no

one can afford to own it, removal continues, and the town vanishes from the face of the earth. The part of the burden which must be borne by the farmers and the owners of farm land increases far beyond the original expectation. Furthermore, changes in the ownership pattern are often so complicated that it is very difficult to reconstruct farms of efficient size.

Agricultural lands are being damaged even by the suspicion that oil may underlie them. Many owners of farm lands receiving a fair income from oil lease rentals have left their farms and placed on them tenants who are not expected to do more than make enough to pay the taxes, while waiting for the oil companies to drill the big producer. Needless to explain, these tenants appear frequently and prominently in the relief picture. If leases are not renewed, it is often impossible to return successfully to farming, for the owners generally pay little attention to the land and do not wish to make expenditures for the maintenance of fertility and the prevention of erosion. In regions of serious erosion hazard, many of these farms have become definitely submarginal.

Two other problems, which lead to insecurity and the need for relief, are dependence upon a single cash crop and self-sufficiency on a very low standard. In Texas and Oklahoma there are two major cash crops, cotton and wheat. In Texas 70% of all farms, and in Oklahoma 42% are specialized cotton farms. In Texas 3%, and in Oklahoma 12% of all farms are specialized cash grain farms. This makes a total of nearly 500,000 farms, representing 68% of all farms in the two states, which have been classified in these two types of farming. Characteristically, farms of these types devote most of the land to the single crop. When the crop fails, public assistance must be rendered.

The reasons for the extraordinary dependence upon these two cash crops are many and involved. There are, however, certain physical characteristics of the regions in the two states which have been conducive to this situation. The broad, open, level grass lands, particularly in the High Plains, have a climate much better for wheat than for almost any other crop. Here on new fertile lands in large units, with not too great a capital investment, wheat could be produced by as extensive methods, and consequently with as low costs as any-

where in the world. Except for the southern portion of the High Plains and the eastern margin of the wheat area, the region is not well adapted to other cash crops.

The region contains a part of the great cotton belt of the United States, which, climatically, has distinct advantages for cotton production. Within the cotton belt the ravages of the boll weevil have operated to shift production toward the drier and cooler limits of the crop, pushing production into west Texas and Oklahoma. Here new lands and extensive methods of production have accounted for enormous increases in the output of the staple. This new region has a very definite comparative advantage in the production of cotton, a greater advantage than it has in the production of any other crop. In the more humid eastern part of the two states, corn is the only other crop that competes seriously for acreage. Corn can be raised profitably for the home market, but since the region is at a comparative disadvantage with the corn belt, it cannot normally be produced for sale outside the region at competitive prices.

There have been certain handicaps to the production of livestock. The heat and humidity have favored parasitic organisms which have only recently been dealt with successfully, while the humidity and raininess of summer months interferes with the curing of hay. Many of the light sandy lands are physically adapted to intensive production of fruits or vegetables, but the ability of markets to absorb these products will furnish outlet for relatively few such farms.

More than fourteen thousand farms in each of the two states were designated self-sufficing in 1930 on the basis of using on the farm more than half of their products by value. There are undoubtedly many more now. The average income of these families in 1930 was \$380, which included the value of all products sold, consumed, or traded. In Oklahoma about half, and in Texas about four-fifths of these people own their farms. In neither state were there many croppers in this category.

The mildness of winter, which makes it easy to exist, is attractive to low-ability groups. Mildness of winter and the humid heat of summer are conducive to the existence and multiplication of debilitating disease organisms and parasites. Thus, say medical authorities, the likelihood of low-ability groups improving their status is further reduced. Widely

prevalent in the poorer areas of southeastern Oklahoma and eastern Texas, malaria, hookworm, and malnutrition account for a good deal of the shiftlessness. Malaria and hookworm could be greatly reduced by sanitation, but few of the afflicted have the means, and few of the landowners see that it would be to their advantage. A public health official who has had experience in agriculture recently remarked that he knew the calibre of work that his tenants were going to do from the quality of the houses he gave them to live in.

Mild winters and the long growing season permit many cropper families to "get by" with meagre incomes, little or none of which may be cash. Land owners who build houses for the lower class of tenants are generally reluctant to provide cellars under the houses, weathertight walls, and permanent adequate heating facilities. Such tenants are too often looked upon by their land owners, not as fellow farmers participating in an agricultural society, but simply as instruments through whom lands may be made to produce crops for profit. Peonage is a logical development when landholders, relatively well informed and well-to-do, see in propertyless blacks and whites an opportunity instead of a responsibility. With this motive, investment in tenant shacks is kept at a minimum. This is not an overdrawn picture. There are notable instances of landlords who have the interests of their tenants genuinely at heart, but they are decidedly in the minority. In Texas there are 370 precincts containing 144,311 farms, and in Oklahoma 325 civil townships containing 84,478 farms, in which the average value of the farmers' dwellings were less than \$500 in 1929.

Provision for comfort during infrequent and brief periods of severe weather seems a luxury, for people can survive and it always warms up afterward. The cold spells come with icy blasts from the north that cannot be kept out of cheaply constructed dwellings and characteristically follow, with disconcerting suddenness, periods of abnormal warmth. Severe northers cause great suffering and will continue to do so. As long as low income families live in shacks, their distress can only be alleviated by some sort of public assistance.

LIBERTY, OPPORTUNITY, AND SECURITY FOR ALL

ARTHUR B. ADAMS
University of Oklahoma

The Declaration of Independence is a charter of personal and collective freedom and liberty for the American people. It was written to fit the political and economic conditions prevailing at that time. The American Revolutionary War was fought to free the Colonies from control in the interest of the British traders. The people of this country fought to free themselves from foreign domination in order that they as a whole might, in their individual and collective interest, take full advantage of all the opportunities offered by this great continent.

The United States Constitution was designed to preserve for our people the ideals of liberty and freedom set forth in the Declaration of Independence. The Bill of Rights attached to the Constitution was intended to guarantee to each individual freedom of religion, of speech, and of thought. The Constitution itself was framed to give liberties and freedom to the individual in his economic activities so long as he did not encroach upon the economic rights and liberties of others.

Under the government established by the Constitution, and from the land area of the Colonies and that which was later acquired, our people developed the great and powerful Nation of the United States of America. In its development this Nation has been a land of liberty, freedom, and opportunity for all. Until the end of the nineteenth century, because of the vastness of the unsettled territory, the richness of our natural resources, and the persistent shortage of labor, this country furnished wide economic opportunities for every one. Our form of government accorded to each individual great, if not unrestrained, personal freedom and liberty to pursue his own self-interest in his economic activities.

Formerly, the bulk of our farmers owned the farms they operated. The average citizen in the towns owned his own home. In industry, wages were relatively high. There were no great fortunes. A fairly equal distribution of the national income prevailed among our people. Until about 1880 most of the business enterprises were comparatively small and were

locally owned and operated. In those days every family had an ample opportunity to earn its own living, and its members could sit before their own hearthstone.

In the progress of our national economic development, a comparatively small percentage of our people gained powerful special privileges and advantage over the rest of us. Some of these special privileges were gained through legislative acts in the form of protective tariffs, land grants, and lax corporate laws. The great bulk of the existing special advantages, however, was obtained by the few as a result of their control over the trend of our economic and industrial development, rather than because of favored legislation. Many special economic privileges and advantages resulted from the following industrial development forces: (1) the disappearance of free land, (2) the wide use of powerized automatic machinery in production, and (3) the development of giant business enterprises under the corporate form of organization. All of these industrial development forces brought about a rapid increase in production of economic goods and services. But, at the same time, they resulted in a growing inequality in the division of the national income as well as in the concentration of control over our industrial system by a few people.

The wide use of powerized machinery together with the unequal distribution of income brought about a permanent unemployment problem. The great inequality in income caused a relative excess of savings and a shortage of consumers' purchasing power. In the sense that our people could not consume all that is produced, there has never been a surplus of goods; but, in the sense that the incomes of our people are not large enough to buy all the goods produced, there is a surplus of productive capacity. If there was a reasonable and equable distribution of income among our people, the Nation would be able to increase greatly the production of goods and services, and, at the same time, our people would be willing and able to buy all that is produced.

By 1929, as a result of the growing inequality in the distribution of income, the Nation reached the stage where it was not possible to increase industrial production—because the mass of consumers could not buy at prevailing prices all that was produced! As the control of industry became concentrated more and more in the hands of a few large business enterprises, the Nation witnessed the development of "regi-

mentation" of its workers in the large industrial centers. It is said that less than fifty "royalists" exercise control over our whole economic system. We now have a hateful economic autocracy superimposed upon our political democracy!

While the masses of our people have lost none of their political freedom and liberty, they have temporarily lost many of their economic opportunities and liberties. A large number of our laborers find it impossible to secure jobs in private industry to support themselves and their families; many of those who have jobs find that they possess little or no economic liberty. Millions of them are mere industrial slaves of our large business enterprises. The loss of a great number of economic opportunities by the mass of American citizens is admitted by most students of our national economic problems. This loss of opportunities has intensified the economic and social inequality among our people. It has brought about social and economic insecurity!

Both the major political parties today profess to be in favor of reestablishing social and economic security for all. Some individuals advocate the establishment of social security partly through national old age pensions, unemployment insurance, and other social insurance plans. Such remedies may be, and I think are, a temporary necessity. However, there is only one way by which social security for all may be reestablished in this country. It can be done only through recreating *economic opportunities* for all of those who want to earn their own living.

The only kind of economic security which will enable our people to retain their individualism and self-respect is one which is based upon economic opportunities of self-help. It is the kind of economic security which all red-blooded Americans desire to attain. They will accept the security of old age pensions and unemployment insurance only as a poor substitute for opportunities for self-help.

We are told by some reactionary politicians that by doing away with all government regulation of business, and by giving greater freedom of initiative and activity to our business leaders, adequate economic opportunities for all would be created. I shall state frankly that, in my opinion, this doctrine is entirely false. As a matter of fact, the majority of the American people lost their economic opportunities under a *laissez faire* government policy which gave almost complete

freedom of activity to those who operate our big business enterprises. These captains of industry and Royalists used their unrestrained business freedom to gain special advantages and to oppress others.

On the contrary, it will be necessary for the Federal government to curb certain activities and to eliminate certain special advantages and privileges in big business in order to reestablish economic opportunities for all. In order to destroy the hateful economic autocracy which has been imposed upon us, it is necessary to have more, rather than less, government regulation. The proper government regulation of big business will in no way interfere with the legitimate personal rights and liberties of any individual. Neither will such regulation curtail any of the legitimate economic rights and opportunities of anyone. The proper regulation, however, would destroy the special privileges and advantages now exercised by the few in control of our business and industrial system and would create wider economic opportunities for the rest of us.

It will be necessary for us, as a people, to undertake several fundamental reforms in the operation of our industrial system before wide economic opportunities will be recreated. We must bring about a better distribution of the national income. To do this, we must see that the laborers receive relatively higher wages! The farmers must have larger net incomes, and the small business man must get more adequate returns. On the other hand, those who now have enormously large incomes must have them relatively reduced. As a result of such a readjustment of incomes between the very high income receivers and the very low ones, the professional people would get relatively larger returns for their services.

This readjustment in the distribution of the national income can be brought about, in part, by destroying the monopolistic control of the big business enterprises over prices and wages. Much progress can be made in destroying price monopoly by requiring *federal incorporation* of all business enterprises doing an interstate business. Private monopoly control over hours and wages of laborers can be broken by passing federal legislation to regulate the hours of laborers and the general level of wage-scales in all business enterprises engaged in interstate commerce. Farmers have been able already to receive larger incomes as a result of the federal

legislation which reduced their debts and adjusted the production of agricultural products to the market demand for those products.

Through legislation, also, we must break up the very large estates and reduce the big personal incomes. This can be accomplished by the proper income, inheritance, and succession taxes. Then too, through proper legislation, we should encourage and aid our farm-tenants to become farm-owners. All of our city-dwellers should be aided in becoming homeowners.

Liberty League lawyers and some reactionary politicians tell us that all national legislation designed to destroy special privileges and to recreate economic opportunities would result in destruction of many of the personal liberties of the individual; they say also that it would result in government "regimentation" or the economic activities of all. This doctrine is absolutely untrue! As a matter of fact, we, as a people, must use our political liberties to recreate economic opportunities. We must use our political liberties to regain the lost economic freedom! If the people fail to do so, they are likely, in a short time, to lose most of their political liberties.

It is true that proper government regulation of the activities of big business would destroy special privileges and opportunities now exercised by the Royalists. But in no way would it adversely affect the personal liberties, or the legitimate economic opportunities, of the average citizen. All of the rights given in the Bill of Rights would be unaffected by such regulation. Neither would it destroy freedom of individual enterprise in carrying on legitimate and useful business. As a result of the destruction of monopolistic control, greater opportunities for the exercise of individual initiative in business would prevail. Such regulation only destroys opportunities to exploit others and to exercise special advantages unjustly acquired. Otherwise, the individual is free to carry on any business of his choosing or to organize any new business he desires to organize without interference from others.

The reactionaries also tell us that strict government regulation of big business would result in the establishment either of Fascism or of Bolshevism in this country. One might ask the question: Why cannot a Democracy like ours regulate business as effectively as a Fascisti or a Bolsheviki govern-

ment? Why would it be necessary to adopt Fascism or Bolshevism in order to have reasonable government regulation of big business? In my opinion, a Democracy like ours can enforce a government regulatory policy much more effectively than could either a Fascisti or Bolsheviki government. As a matter of fact, the Fascisti form of government was organized by the big business interests of Italy and has been operated largely in the interest of big business. The Soviet form of government was organized by the Bolsheviki of Russia in the special interest of the workers, and the government has been operated largely in the interest of the workers as a class. Our Democracy was organized in the interest of all economic classes, and we should see that it is operated in the economic interest of the public as a whole.

In this country we do not need a dictator of any kind to bring about desirable and workable economic reforms in the operation of our industrial system. Neither will it be necessary to abolish the ownership of private property in order to direct the operation of our industrial system in the interest of the public. The institution of private property is, and will continue to be, too valuable an institution in this country to be abolished. But we must regulate the use of private property in such a manner as to secure the maximum benefits for both the owner and society.

Again, some reactionaries tell us that whatever government regulation is undertaken should be exercised by the state and local governments rather than by the Federal government. Those who take this position profess to fear "dangers of concentration of power in Washington." They tell us that such a policy would destroy the functions of state and local governments.

The answer to their argument is that the state and local governments could not possibly exercise the powers necessary to bring about the needed economic reforms in the operation of our industrial system. To assume that the State of New Jersey, or any other state, could control the activities of the United States Steel Corporation or of the Cement Trust, or of any other trust, is, on its face, ridiculous! I am forced to the conclusion that those who oppose the use of the powers of the Federal government in bringing about the necessary national economic reforms are not entirely honest in their arguments; but that, in reality, they are opposed to the

destruction of the special economic privileges now exercised by the few to the detriment of the many. Economic opportunities for all cannot be restored by activities of the state governments; they can be recreated only by and through action of the Federal government. Neither would such action on the part of the Federal government encroach upon any of the functions now performed by the state and local governments.

It is said by the Liberty League lawyers and Royalists that the exercise of such powers by the Federal government would be unconstitutional. I am frank to admit that I think much of such legislation would be unconstitutional, as the Constitution is interpreted by the Supreme Court. I am, therefore, in favor of amending the constitution so that Congress unmistakably will have adequate powers to regulate the activities of big business and to provide constructive agricultural and labor policies for this country.

NOTES FROM THE SOUTHWEST

ARKANSAS

Arkansas State College.—A department of business administration has been added as one of the regular fields of instruction. The degree of Bachelor of Science in Business Administration will be granted.

Dr. Mary Watters, head of the department of history and government; spent the summer in Seville, Spain, in research in the Archives of the Indies.

KANSAS

University of Kansas.—Dr. Mabel A. Elliott has been granted a year's leave of absence to teach at the University of Minnesota. Mr. C. E. Wilcox has been appointed instructor in sociology during her absence.

Professor Mapheus Smith, who was on leave of absence during the last two years to work with the Urban Research Division of the F. E. R. A. at Washington, D. C., has returned to the University.

LOUISIANA

Louisiana Polytechnic Institute.—Mr. G. H. Duggins has been transferred to full time work in the department of physical education. Mr. Robert W. Mondy has been appointed instructor in social science to succeed Mr. Duggins.

Teaching of History, a syllabus by Dr. John E. McGee, is being used with much satisfaction.

Louisiana State Normal College.—In the reorganization of the administration of the Louisiana State Normal College all the social sciences have been grouped together into the Division of Social Sciences. Mr. J. S. Kyser of the geography department is head of the Division.

The sociology department is offering a course entitled *Modern Marriage and Family Life*. It is a course designed to give information and training for marriage and family life under present conditions of living. It is also designed to equip teachers of the public schools to meet their part of the demand to train boys and girls in the public schools for more efficient family life.

Mr. J. S. Kyser, chairman of the Division of Social Sciences, has a leave of absence for the year. He spent the summer in Germany and attended the University of Heidelberg. During the regular academic year he will be at work on his doctorate in Louisiana State University. During Mr. Kyser's leave of absence Professor Alvin Good is acting head of the Division.

Louisiana State University.—Professor W. Mackenzie Stevens has returned from China, where he was Adviser to the National Economic Council of the Republic of China.

Professor S. A. Caldwell has been appointed acting dean of the Northeast Center at Monroe, Louisiana.

Professor Daniel Borth, Jr., has been made assistant director of the Bureau of Business Research.

Mr. Kenneth Dick from Idaho has been appointed instructor in accounting.

Mr. J. R. Miles from Nebraska has been appointed instructor in economics.

MISSOURI

University of Missouri.—Professor Jonas Viles of the department of government spent the summer in New England and remained for the Harvard Tercentenary.

Dr. Estal E. Sparlin, who received the Ph. D. degree in August, has been appointed assistant instructor in political science.

Professor John Quincy Adams of the department of geography spent August and September traveling with the Canadian Eastern Arctic Expedition.

Professor Conrad H. Hammar, after a year's leave of absence spent at Cornell, has resumed his teaching and research duties in the department of agricultural economics.

Mr. Glen T. Barton, instructor in agricultural economics, has accepted a position in Washington, D. C.

Professor Sam T. Bratton conducted a geography field trip to Mexico in August.

NEW MEXICO

University of New Mexico.—Dr. George P. Hammond and Dr. Thomas C. Donnelly have published *The Story of New Mexico* for use in the upper grades of the state elementary schools.

Dr. Benjamin Sacks is completing a series of articles on British history for publication. "The Independent Labor Party and World War Peace Objectives" was published in the June issue of the *Pacific Coast Historical Review*, and *The Independent Labor Party and International Socialism During the World War* was published as a bulletin at the University of New Mexico.

Dr. Marion Dargan spent several weeks during the summer in Madison, Wisconsin, and St. Paul, Minnesota, engaged in research on Clarence Alvord. The results of his study will be published in a volume of essays on American historiography by the University of Chicago Press.

OKLAHOMA

Central State Teachers College.—Mr. E. E. Keso, associate professor of history, has returned to his teaching duties after having spent the second semester of last year in George Peabody College, where he completed residence requirements for the Ph. D. degree.

Mr. Loren N. Brown, associate professor of history, is on leave of absence and is working toward the completion of the requirements for the Ph. D. degree in the University of Oklahoma. Miss Rhoda Permenter, on leave of absence as associate professor of history from the University of Georgia, is taking Mr. Brown's place in history and government.

Miss Lucy Jeston Hampton, professor of history, spent the summer studying in the School of International Relations of the University of Chicago.

Mr. Guy M. Rankin, associate professor of history, attended the University of Colorado the second half of the summer quarter.

University of Oklahoma.—Dr. H. C. Peterson has been appointed special instructor in history for the current year in the absence of Dr. C. C. Rister, who is recovering from an extended illness.

The College of Business Administration held a special program October 30 and 31 in celebration of the opening of the new Business Administration Building. Among those on the program were Dean Walter C. Weidler, Ohio State University, Dean Charles C. Fichtner of the University of Arkansas, and Dean James B. Trant of Louisiana State University.

The School of Citizenship and Public Affairs has been reorganized for the purpose of placing greater emphasis on training in public administration. The degree of Master of Arts in Public Administration will be awarded students completing the graduate training program. Dr. Cortez A. M. Ewing, associate professor of government, has been appointed director of the School.

TEXAS

Agricultural and Mechanical College of Texas.—Mr. A. F. Chalk has been promoted from the position of graduate assistant to instructor in economics.

The second annual Institute for Texas Cooperatives was held under the auspices of the department of agricultural economics in July. About 125 delegates from farmers' cooperatives in the state were in attendance.

Dr. Fred H. Arnold has been added as an associate professor of agricultural economics.

Mr. Earl B. Smith and Mr. J. N. Mosely have been employed as instructors in the department of agricultural economics.

Mr. C. S. Wilkins, who for the past eight years has held the position of associate professor of economics at John Tarleton Agricultural College, is serving as part-time instructor in the department of agricultural economics.

By recent action of the Board of Directors, a program of study and research leading to the degree of Doctor of Philosophy has been provided in agricultural economics. The program is administered cooperatively by the departments of agricultural economics, economics, and accounting and statistics of the teaching division and the farm and ranch economics section of the Agricultural Experiment Station.

Mary Hardin-Baylor College.—Mrs. Dorothea L. Schlegel has been appointed assistant professor of journalism to fill the vacancy caused by the accidental death of Miss Helen Northman.

Baylor University.—Honorary Doctors degrees will be conferred upon the Vice-President of the United States and Mrs. John Nance Garner on November 21.

President Pat M. Neff addressed the National Convention of Accountants in Dallas on October 22.

On October 24 Professor M. S. Carroll, Acting Chairman of the Baylor School of Business, passed successfully his oral examination for the Ph. D. degree at the University of Chicago.

Dr. W. P. Meroney, professor of sociology, is continuing his study of population trends in Texas. This project is a part of the Social Trends Survey being made by the American Sociological Society.

Mr. Guy B. Harrison, assistant professor of history, has accepted a graduate fellowship from the Rockefeller Foundation and is on leave of absence doing graduate work in history at the University of Texas.

Mr. A. P. Cagle, assistant professor of political science and a member of the 44th Legislature, is on leave attending the called session of the Texas legislature.

Dr. A. S. Lang, professor of economics, and Dr. E. G. Lewis, assistant professor of economics, are the authors of *A Summary-Outline of Some Fundamental Economic Principles*, published March 1, 1936, by the Baylor University Press. It is being used as a supplementary text by several Texas colleges.

Dr. A. S. Lang, professor of economics, was recently named chairman of a Central Faculty Committee which is to direct a curriculum survey of Baylor University.

College of Mines and Metallurgy.—Dr. Joseph E. Shafer has resigned as professor of economics to accept a position at Ohio State University. Mr. T. E. Morris has been elected to the vacancy left by Professor Shafer.

Professor W. J. Snoeyenbos, instructor in economics and business administration, has resigned to enter government service. He has been succeeded by Mr. Mac F. Smith.

Miss Gladys Gregory, who is on leave the present year, has been promoted to adjunct professor of government. Professor R. W. Strickland is teaching in Miss Gregory's absence.

East Texas State Teachers College.—Three books in the Rural Life Series by Dr. Henry F. White are being published through the John Brown University Press, Siloam, Springs, Arkansas. The books are entitled *Cooperative Marketing of Farm Pro-*

ducts in the United States, The Farmer and Economic Progress, and Studies in the Recent Economic History of American Agriculture.

Dr. H. B. Carroll of the Hillsboro Junior College taught classes in history during summer school.

Dr. C. A. True of Texas Christian University also taught classes in history during the summer term.

"Comparison of Occupational Attitudes", by Kenneth Evans, Vernon Hughes, and Logan Wilson, will be published in a forthcoming issue of *Sociology and Social Research*.

Hardin-Simmons University.—Mr. W. C. Ribble, who was working on his Doctor's degree at the University of Texas last year, has returned as instructor in economics.

North Texas Agricultural College.—Associate Dean George L. Dickey, who served last year as director of W. P. A. in the Seventh District, has returned to the College and is teaching classes in sociology.

North Texas Teachers College.—An orientation course for freshmen, to include sociology, economics, and government, has been added as one of the required courses of the College.

Southern Methodist University.—Dr. M. W. Redus, formerly of the University of Oklahoma, has been appointed instructor in the department of religion.

Professor Herbert P. Gambrell of the department of history appears in the current volume of *Who's Who* for the first time.

Dr. James L. Glanville has been advanced from associate professor to full professor of history.

The department of sociology announces the second printing of Volume 1, Number 1, *Studies in Sociology*.

Dr. Edwin J. Foscue is the author of "Transportation Adjustments to Topography in Dallas, Texas", which appeared in the last issue of *Field and Laboratory*.

Professor S. D. Myres, Jr., professor of government, taught in Peabody College during the summer.

Mr. Guy H. Fox, formerly of John Tarleton Agricultural College, has been appointed instructor of government.

Texas State College for Women.—Dr. Helen W. Harris has been transferred full-time to the department of history.

Henry Clay and the Whig Party, by Dr. George R. Poage, director of the department of history, has been published by the University of North Carolina Press.

West Texas State Teachers College.—Dr. H. B. Carroll, formerly of East Texas State Teachers College, is substituting in the department of history for Miss Ima C. Barlow, who is doing graduate work at the University of Texas.

University of Texas.—Dr. W. E. Gettys taught courses in human ecology and social theory at the University of North Carolina during the past summer.

Dr. R. B. Vance of the University of North Carolina taught at the University of Texas during the last summer session.

Dr. W. E. Gettys, professor of sociology and director of the Bureau of Research in the Social Sciences, attended a meeting of directors of university social science research organizations held at the University of Michigan, October 16 to 18. The Bureau of Research in the Social Sciences published in November a work entitled *The British Judiciary System*, by Dr. Caleb Perry Patterson, professor of government, and two bulletins: *The Government and Administration of the Metropolitan Districts of Texas*, by Dr. Roscoe C. Martin, and *A Personnel Study of Texas Municipalities*, by R. Weldon Cooper.

Mr. Coleman C. Gulley has been appointed instructor in business administration. He is on leave from Elon College, North Carolina.

Mr. John Elton Hodges has been appointed instructor in business administration.

Mr. William A. Nielander has been appointed associate professor of marketing.

Mr. John R. Stockton, assistant professor of business administration, and Mr. Henry A. Handrick, instructor in business administration, are authors of a new laboratory manual, *Problems in Business Statistics*.

Professor J. Anderson Fitzgerald, dean of the school of business administration, has been appointed chairman of a committee of five in the American Association of Collegiate Schools of Business to study the problem of standardization.

Dr. Chester F. Lay, professor of accounting and management, taught during the summer session at the University of Colorado.

Mr. Elmer H. Johnson of the Bureau of Business Research is continuing his work on the regional analysis of Texas. Two other projects under way are designed to lay the bases for further work in regional economics, particularly in the Southwest.

Professor C. Aubrey Smith was chairman of a round table discussion on the accounting regulations issued by the Security and Exchange Commission, and Professor Chester F. Lay assisted in conducting the Round Table on the training of certified public accountants during the annual meeting of the American Institute of Accountants at Dallas in October.

The following were appointed to part-time instructorships in the department of history for the 1936-1937 session: Miss Ione Spears, Mrs. William Mary Bryant, Mr. W. A. Pitkin, Mr. Richard Johnson, and Mr. Harold Schoen. Mr. W. T. Jackson and Mr. J. M. Nance were named tutors.

Mr. Willson H. Elkins, who is a candidate for the Ph. D. degree at Oxford, was appointed instructor in history for the current session.

Professor O. Douglas Weeks has been appointed a member of the state advisory committee on social science in the Texas Curriculum Revision Movement.

At the annual meeting of the Texas Society of Certified Public Accountants at Dallas in October a plan sponsored by its Committee on Education (Professor Chester F. Lay, Chairman) was placed in effect, under which college classes in accounting will make inspection visits to the offices of leading public accounting firms, where seminar type conferences will be held, with students, faculty, and firm members participating.

COLORADO

University of Colorado.—Dr. Don C. Sowers, director, and William H. Slaton, both of the Bureau of Business and Government Research, have published an historical and statistical monograph emphasizing the relation of taxation and education, *Public Education in Colorado Since 1880*. Another recent publication issued by the Bureau is *A Report on Possible Financial Aids to Research in Colleges and Universities from American Foundations*.

Mr. Charles Rovetta, instructor in accounting, has been granted a leave of absence for 1936-37 to serve as instructor at the University of Chicago, where he will also continue work toward the doctorate.

Visiting professors during the summer quarter included Dr. Paul Converse, professor of marketing, and Dr. Horace M. Gray, associate professor of economics, both of the University of Illinois, and Dr. Chester F. Lay, professor of accounting and management of the University of Texas.

Dr. E. H. Cramer, associate professor of finance, served during the summer with the Federal Farm Credit Administration with headquarters at Portland and Salt Lake.

BOOK REVIEWS

EDITED BY O. DOUGLAS WEEKS
The University of Texas

Carr, Robert K., *Democracy and the Supreme Court*. (Norman: University of Oklahoma Press, 1936, pp. 142.)

The thesis of this timely discussion is the main issue before the human race at the present time. It is as old as government itself and will likely continue as long as man attempts to readjust his relations to society. It is the problem of authority v. liberty.

Since revolutions are always revolts against authority, it was natural for the forefathers to provide safeguards for liberty in the establishment of our constitutional system—such as division of powers between the national and state wings of our federalism; separation of the powers of each wing into legislative, executive, and judicial; bicameralism; checks and balances; written constitution as the supreme law of the land; bills of rights; and judicial review to enforce these limitations. It is clear that all these arrangements are to limit authority and to guarantee liberty.

It is also clear that the operation of our system since its establishment has tended toward authority. Its biggest factor in this innovation has been the nationalizing effect of the party system which tends to unify the entire system of government, regardless of the line of federalism, separation of powers, checks and balances, and bicameralism.

It is also a fact that the Supreme Court has been nationalistic in its interpretation of the constitution if its history is considered in its entirety. There have been state-rights decisions, but in the main it has been the reserve rights of the states that have suffered at the hands of the Supreme Court. The interpretation of the commerce clause of the fourteenth amendment has been the chief source of this centralization of power in the national government. It is undoubtedly true that judicial interpretation of the fourteenth amendment has given a national character to corporate interests which has prevented state regulation of business from being effective and, therefore, has created the demand for greater national control. The Supreme Court has done more to nationalize business than technocracy. Is this nationalization of business a mere legal fiction or is business in both structure and operation national in fact? If the former, could not this legal fiction be eliminated by amending the constitution to restore the powers of the states that have been taken from them by judicial interpretation? Or will the Supreme Court solve this problem by swinging toward state rights? Can business be legally decentralized since it has been legally nationalized? Is this question merely a constitutional matter? If it is, either of the above proposals would solve the problem.

If, on the other hand, business is thoroughly national in both structure and operation in fact, then only national control will suffice. If business is partly national and partly local in fact, then the problem is to draw the line of federalism to fit its true character, for regulatory purposes. Finally, is business to be regulated in all respects?

Of course, it is recognized that if business and government are to be synonymous, then national regulation or the capitalistic state as in Russia is inevitable. The one is fascism, the other is communism. Both are dictatorships. Can the principles of our system be adjusted to meet our requirements without heading us directly toward fascism or communism?

There are doubtless both fascists and communists in our society who would welcome any constitutional change which could be manipulated to further their ends. This situation complicates our problem. It frightens the friends of liberty and makes it more difficult for the proposals of the advocates of authority to receive a judicial hearing. It is true as the author states: "We want both authority and liberty" (p. 3). There is a fundamental inconsistency in man. He wants to keep and also to eat his pudding. No successful political order can be founded on either authority or liberty. It must rest on both. The question is where shall the line be drawn between them.

The author of *Democracy and the Supreme Court* is on the side of authority in this controversy. This discussion is interesting and challenging. The scholarship of the book is compromised by the "jazzy" character of the chapter headings such as: "The Attack; Frontal or Flank,"; "The Court; Medium or Magician?"; "Remedies: Mostly Profane." This feature of the book would not prevent a real student from properly evaluating the material of the book, but it unnecessarily raises a suspicion of its scientific character and places the burden of proof upon its author.

There is plenty in the book to agree and disagree with. Its analysis of numerous Supreme Court decisions is thought provoking and causes one to reexamine his own conclusions. By and large, it is a criticism of the Supreme Court which is regarded as a barrier to democracy—whatever this means.

C. P. PATTERSON

The University of Texas

Zimmern, Alfred, *The League of Nations and the Rule of Law, 1918-1935*. (London: Macmillan and Company, 1936, pp. xi, 527.)

In the midst of the present chorus of criticisms of the League of Nations and prophecies of its early demise it is refreshing to read Professor Zimmern's calm, dispassionate evaluation of that institution. Only eighteen years have passed since the Armistice of November, 1918; yet in that short period the world has witnessed a severe testing of the League and may be on the point of effecting certain alterations in its constitution and practice.

The present volume is well planned. Part I, composed of eleven chapters, presents a study of the pre-War system of diplomacy and related matters. Here are seen the familiar devices of foreign offices, conferences, concerts, and treaties of guarantee, conciliation, and arbitration. This old "system" failed for the obvious reason that it was inadequate in the face of the forces of disruption.

In Part II is an analysis of the elements of the Covenant of the League, an institution and a system that were to provide a better method and machinery for the new co-operative society of states. This League,

in the light of the influences that played a part in its formation—influences drawn mostly from the old diplomacy—was to be “an improved and enlarged Concert of the Powers,” “a reformed and universalized Monroe Doctrine,” “an improved Hague Conference system of Mediation, Conciliation and Inquiry,” “an improvement and co-ordination of the Universal Postal Union and other similar arrangements,” and “an agency for the mobilization of the Hue and Cry against War.”

Part III presents a study of the history and the working of the League. The author clearly and strongly emphasizes the fact that it is primarily an instrument of co-operation, politically impotent except as the various peoples through their governments will to make it strong. Therein lies the cause of much misunderstanding and of much unnecessary and unjust reviling of the League. This is well illustrated by the author when he traces the history of the League through the four periods of its life thus far: the first phase, that of gestation, 1919-1920; the second phase, that of development of the League's technical services, 1920-1924; the third phase, the period of important political conferences, of Locarno, of efforts to guarantee peace, 1924-1929; the fourth phase, that of the dimming of the high hopes in the League as it grappled unsuccessfully in the political realm against the storms of Nationalism and imperialism let loose in the depression, 1929-1935.

The author's conclusions and judgments are not unfriendly to the League and its agencies. He believes that the Council, contrary to the original purpose, will continue to grow in size but will probably remain a Conference. Of the Assembly he believes that

There is no word adequate to describe what it has become. It is not a parliament or any other organ of a system of world-government. It is simply the first outward and visible manifestation of the authority of the Rule of Law in the world.

The Secretariat is “the residuary legatee of the power which flows into Geneva from the various centers of government,”—power, drawn from the work of negotiation, from the domain of procedure, from being always at hand, and from being in the possession of knowledge. “When this power is not used by those to whom it constitutionally belongs, it automatically reverts to the Secretariat.”

Finally, of the League as a whole, the author would emphasize its transcendent functions: to keep the peace of the world and to discover and urge the adoption of better, more sensible ways of dealing with international affairs. In doing this he has performed a great service in assisting to a better understanding of the League, to a better appreciation of its possibilities and its services, and to a more honest placing of the blame when it seems to fall in crises.

CHARLES A. TIMM

The University of Texas

Davis, Jerome, *Capitalism and Its Culture*. (New York: Farrar & Rinehart, 1935, pp. xix, 556.)

A Yale professor gives us an exhaustive critical analysis of the profit system, adopting as his central theme the deleterious effect which the profit motive has upon the various aspects of modern culture. The book has the

structure of a monumental work, and for that reason, no matter what its contents, it might in the eyes of liberal economists be criticized as falling short of the ambitious mark its author sets for it.

By way of leading up to the subject of capitalism's culture, the first two parts are devoted to an objective consideration of capitalism, its evolution and its processes. The arguments in favor of capitalism are presented and analysed, and then the system as it works is literally picked to pieces. One criticism which might be made is that the author embarks on his crusade with the assumption that the case for an alternative system is yet to be proved, and yet his every pronouncement is implicit with the rejection of the present system. Early in the book (p. 69) he says: "Thus capitalistic production suffers from intermittent chills and fevers. The disease cannot be cured, for the carrier germ is the profit urge which cannot be eliminated without killing capitalism itself." Although the author presents good arguments to the contrary, it might still be urged that the patient might be better equipped constitutionally to receive a succession of antitoxins than one major operation which might seriously jeopardize his chance of survival, or perhaps weaken him so as to increase his susceptibility to other equally malignant diseases.

The discussions of finance and the bankers, investment trusts, imperialism, and the profit motive are particularly good. Finance for profit is shown as being more pernicious and uncontrollable even than production for profit. As for the profit motive:

One reason why profit motive is so powerful in a capitalistic society is that it is superimposed upon many of the other motives and reinforces them. One of the most potent means of adventure is the quest for money; and money means power as well as social prestige. Consequently there is a cumulative piling up of urges when the individual thinks of profits. The profit motive alone is by no means as powerful a mainspring of human action as it has been given credit for being. If the other motives were entirely divorced from it we should then see it in proper perspective; it would be recognized as far less powerful than other motives. Therefore, it is not so necessary to change human nature to reconstruct the economic order as it is to change the economic order to discover that human nature is not what it seems.

When the author takes up the culture of the capitalistic society, he warms to his main theme. His conclusion is that in such a society money makes the man: all our aims are money aims. The cinema surrenders its educational potentialities in return for the profits involved in catering to the so-called popular tastes. The press and the radio are servile to the interests of the capital which owns and censors them. It is charged that the basic principles of Christianity are utterly incompatible with the profit system, and the timorousness of the organized churches leads them to ignore the evils concomitant with such a system. Education, except in rare instances, is the hand-maiden of those who contribute endowments and those who constitute school boards. The state is subsidized by those who make the big profits. Farmers perform most of the drudgery for the nation and get the least return for it, partly because of the tariff, the adoption of which was dictated by the profit system. As a part of the system, he discovers a double standard of morality for workers and capitalists: for example, we are less critical if the employer stops pro-

duction because he is not making profits than we are if the employee stops production because his wages are insufficient to serve his needs.

As for his conclusions, the author says, "It is easy to kill mosquitoes one by one, but for each one killed there are a thousand to take its place as long as the swamp, their breeding ground, remains. It is the same with the evils of capitalism." It is apparent that his opinion is that some form of socialism is eventually inevitable. His book represents a complete, broadside indictment of the profit system and its vital connection with the culture subservient to it. The book is of more value to one new to the field than to one who has encountered the substance of its materials elsewhere. One cannot read the book, however, without realizing that the author is a master of the literature of the field.

JOE M. RAY

The University of Texas

Taft, Donald R., *Human Migration, A Study of International Movements*. (New York: The Ronald Press Company, 1936, pp. viii, 590.)

The overpowering forces of economic depression and unrestrained nationalism have succeeded in greatly restricting international population movements. This condition has lasted for five years, and at present there are no symptoms of a revival of migration. Under circumstances such as these, it behooves all students of social affairs to approach the specialists on migration, in order that the scientifically determined causes and possible consequences of its cessation may eventually reach the general public through the schoolroom, popular press, or lecture hall. Professor Taft is such a specialist, and he has presented a very readable and reasonably complete discussion of modern migration in the volume under consideration.

He frankly admits that many aspects of his subject defy exact analysis, but he endeavors to destroy many popular misconceptions that have arisen from blind prejudices. In general, he speaks from the international viewpoint; but because the book is intended primarily for American students, stress is placed upon immigration to the United States. The long term effects of migration are carefully distinguished from its immediate consequences; and particular emphasis is placed upon cultural aspects. World-wide migration is by no means neglected; and the efforts that have been made toward international control are discussed at length.

Professor Taft's conclusions, for the most part, are carefully weighed and amply qualified. Yet his assertion that immigrant remittances return to America directly or indirectly in exchange for goods (p. 184) appears a trifle dogmatic, for the vagaries of foreign exchange would seem to require that such a view be stated as an hypothesis rather than a conclusion. In view of the bitter economic and naval rivalry between the United States and Japan, his characterization of the Japanese Exclusion Act as the "chief basis" for friction between the two nations (p. 506) likewise seems inadequately sustained.

Errors of fact in the work are neither numerous nor vitally important, and they occur principally in the chapter on Mexican migration. The vast majority of Mexican Indians during the Spanish colonial regime were not slaves (p. 509), in a legal sense at least; and the statement that

agrarian and labor reforms were first provided in Mexico "by Carranza's Constitution of 1915" (p. 510) is also erroneous, for such reforms were initiated by Madero, and the constitution sponsored by Carranza was adopted in 1917, rather than 1915.

Minor errors in grammar and syntax appear occasionally in the text; but the author's style is usually quite lucid, and his book may be read with interest as well as profit. A serviceable binding and the use of a clear type increase the textbook value of Professor Taft's study; and this factor, combined with its other obvious merits, will command the work to many members of the teaching profession.

RICHARD A. JOHNSON

The University of Texas

Rodell, Fred, *Fifty-Five Men*. (New York: The Telegraph Press, 1936, pp. 277.)

If the New Deal has done nothing else, it has provided an almost inexhaustible source of material for writers desiring to explore to greater depths the American Constitution. A host of publications have appeared recently treating of various phases of our Constitution as: *Whose Constitution?*, *Back to the Constitution*, *The Supreme Court and the Constitution*, *The Constitution and What It Means Today*, to mention a few. To this list Professor Fred Rodell has added his volume, the *Fifty-Five Men*, which is no doubt timely.

The author in a swift and intriguing manner tells the story of the Constitutional Convention as it comes "straight from the day-to-day notes James Madison took at that Convention". He again reminds us that the Fathers were "hardheaded men of affairs", with interests of their own and their country at stake, that they were human beings, lovers of property, and working for its security and protection. The author states that the delegates wasted no time over basic principles when their interests were similar. "Large and small states, North and South, agreed that the new government must curb the state legislatures with their wild, popular laws. That was one of the chief aims that had brought the Convention together" (p. 106). These men spoke out boldly of the interests of this particular section—often they freely admitted they were afraid of too much democracy.

These ideas are not new. They have heretofore found their way into print in the works of such writers as Charles Francis Adams, Charles A. Beard, and Max Farrand. It is true, however, that Professor Rodell states them simply, directly, forcefully, and in a somewhat different manner.

His observation that the Constitution in sober reality is a product of "the horse-and-buggy age" appears at times to be far too accurate. In another place he quotes Charles Evans Hughes: "We are under a Constitution, but the Constitution is what the judges say it is". The author adds: "Some lawyers pretend this is not the truth. Some professional patriots call it heresy. But the framers, were they alive today, would know with Chief Justice Hughes that the Constitution is what the judges say it is, every time" (p. 222).

In the last chapter of this volume it is suggested that were the Fathers here today, they would be foremost in a movement to amend this Constitution in the light of modern needs. This all might be true, and again it might not. Can anyone be sure as to what they would either do or say, were they on earth today?

STUART A. MacCORKLE

The University of Texas

Dowd, Jerome, *Control in Human Societies*. (New York: D. Appleton-Century Co., 1936, pp. ix, 475.)

Control in Human Societies is a study of the controlling influences determining behavior in the course of social evolution. It is limited to the study of control in the western world, including the East Mediterranean countries, from the middle ages to the present. The wide scope of the subject matter evidences a broad knowledge and understanding, and a perspective that takes the long view, that sees humanity's canvas in its entirety as well as in its closer detail.

The historical background of control, its slow growth from paternal to social control, and its varying phases and ramifications are dealt with in careful detail. Beginning with an examination of the early fundamentals of control, folk ways, public opinion and organization, Professor Dowd proceeds to a discussion of the functions of control, then to the history, and finally to the problems of control.

The principles of control are applied in turn to recreation, education, the family, the state, industry, and the fine arts. Describing control in education, Dowd stresses three essentials contributing to the development of the socially adjusted individual; these are a devotion to some other person, a devotion to some social ideal, and a devotion to some service large enough in scope to employ all of one's powers and to last through a lifetime. "Without these three kinds of attractions to hold the individual in his social and moral orbit, no amount of knowledge can be of any value to him or to society."

Proceeding in his discussion to the increasing difficulties of control in a complex society, the chief menace to the social order of our time, as Dowd see it, is not the dreamer or the idealist but the realist who lacks social idealism to guide him. "A great vision or ideal is the product of a severe discipline. It is the wine from the pressed grape."

Concluding this study, Professor Dowd says, "Social control, as a telic or conscious process, is a stage of human evolution which has been reached only by the people of western civilization. It is a new adventure, and, if it has brought with it disorder and disillusionment, it has not entirely repressed the human spirit!"

This book is the essence of Professor Dowd's best thinking and is at once a challenge and a stimulus to more perspective in sociological thought. Furthermore, there is a steady note of hopeful optimism that is both refreshing and reassuring.

WYATT MARRS

University of Oklahoma

Hankins, Fred Hamilton, *An Introduction to the Study of Society*. (New York: The Macmillan Company, 1935, pp. xi, 808.)

This is a revision of a work originally published in 1928. The extent of the revision is indicated in the author's preface as follows—

"The revision follows the same general plan as the original, but there has been some alteration in arrangement of material and nearly every page has undergone some elision or addition. The latter part of the original first chapter has been set apart as Chapter II, since some teachers found it too difficult or otherwise desired to omit it. On the whole the text is some forty pages longer . . . The chapter on "Psychological Factors" has been completely rewritten and greatly lengthened, and considerable new matter has been added to the last two of the present chapters."

The material of the book is organized under three major divisions. The first part, comprising the first four chapters, deals with "introductory material, including the origin and antiquity of man and questions of race". The second part, including Chapters V-X, treats the "basic factors and processes of societal evolution." These facts are categorized as physiographic, biological, psychological, and cultural. The social processes are very inadequately treated in the chapter on "The Psychological Basis of Social Life". The third part of the book, Chapters XI-XV, considers "Society and Its Institutions". Following an introductory chapter of that title, the institutions of religion, marriage and the family, economic life, and government are discussed.

The author does his own "evaluating" when he says that he has not "striven for originality, but for clarity, logical arrangement, and general significance". There is little that is new in the book but it is well-written and should prove especially useful for teachers who incline toward a "biological interpretation" of social phenomena. The form would have been improved if the table of contents had been divided into the three parts above-mentioned.

REX D. HOPPER

The University of Texas

Cardiff, Padre Guillermo Furlong, *Domingo Muriel*. (Buenos Aires: Jacobo Peuser, Ltda, 1934, pp. 91.)

Genealogía de los Conquistadores de Cuyo y Fundadores de Mendoza. (Buenos Aires: Jacobo Peuser, Ltda., 1932, pp. 58.)

Leturia, Padre Pedro, S. I., *La Emancipación Hispanoamericana en los Informes Episcopales á Pio VII*. (Buenos Aires: Imprenta de la Universidad, 1935, pp. x, 232.)

Callet-Bois, Teodore, *El Proceso Bouchard*. (Buenos Aires: Casa Editora Coni, 1936, pp. xiii, 47.)

Gradually Dr. Emilio Ravignani's Instituto de Investigaciones Históricas of the University of Buenos Aires is building up a solid structure of the history of Argentina. Its series of monographs has now reached the sixty-ninth. The four noticed here afford some idea of the detailed and varied character of the work being done. Padre Domingo Muriel, one of the Spanish Jesuits expelled from Argentina by edict of Carlos III in 1767, was a colonial "historian of originality, familiar with the archives, and an enemy

of mere routine and of the plague of baseless credulity, a theologian of positive tendencies, clear and lucid and impatient of mere speculative questions." His unpublished works are reviewed and there is a complete bibliography. The *Genealogy of the Conquerors of Cuyo and the Founders of Mendoza* presents brief accounts of the origins and connections of the military leaders who overran the sub-Inca region of northwestern Argentina in colonial times and appropriated the riches of the third most advanced region of America.

In the *Emancipation of Hispano-America* the Professor of History in the Gregorian University at Rome has brought together and interpreted a large body of documents hitherto unavailable, bearing upon the communications of both the Spanish and the Criollo or patriot clergy in South America with the papal government at Rome during the period of revolt (1810-1823). Almost all the countries are represented in this correspondence, and it is very interesting to see the conflicting viewpoints of the two factions set forth in the documents. While the historian may gather from these materials much new matter for the reconstruction of the period, the sociologist finds in them renewed evidence that religious functionaries often find themselves swayed more by political and economic allegiance than by those purely ecclesiastical.

The Trial of Bouchard, by a captain in the Argentine Navy, is an interesting account of the trial and acquittal of a famous corsair or privateer who, during the war for Argentine independence, made war upon Spanish shipping in the Philippines and off the coasts of California and Mexico. The monograph reminds one forcibly of our own privateering days during our wars with England.

L. L. BERNARD

Washington University

BOOK NOTES

Professor Vertrees J. Wyckoff's monograph, *Tobacco Regulation in Colonial Maryland* (*Johns Hopkins University Studies in Historical and Political Science*, Extra Volumes, New Series, No. 22, Baltimore: The Johns Hopkins Press, 1936, pp. 228.), is a valuable addition to the bibliography of colonial economic life and, likewise, to a growing literature which seeks to describe and evaluate past and present attempts to regulate staple agricultural commodities. The present study, as its title indicates, is primarily concerned with efforts to stabilize the tobacco industry in colonial Maryland; yet, Virginia's precedence and preëminence in that field are properly emphasized by Professor Wyckoff, and his brief references to the activities of other tobacco growing colonies acquaint the reader with the general trend toward regulation. The author's style is sometimes weakened by his fondness for quotation; but the book as a whole is quite readable, and its splendid bibliography adds greatly to its usefulness.

R. A. J.

Federal States and Labor Treaties (New York: published by the author, 1935, pp. 171), by William Lonsdale Tayler, is a study of the problems that federal states, with limited power over labor regulations, face as members of the International Labor Organization. Such states are allowed, as a compromise, to regard draft conventions as recommendations. This study reveals that, with rare exceptions, federal states have not taken advantage of this special privilege, and it ventures the opinion that the national government of the United States has ample treaty-making power to enable it to ratify such labor conventions as it may approve.

C. T.

Starr, Joseph R., *Topical Analysis of Comparative European Government* (Boston: Ginn and Company, 1936, pp. 145) presents briefly and concretely, by the use of outlines and tables, the essential facts of the structure and development of the governments of five European countries. The outlines are sufficiently detailed to be useful, and charts are used extensively and effectively to make the material presented clear. An analysis of the new Russian constitution is also included.

F. S.

A third revised edition of Raymond T. Bye's *Principles of Economics* (New York: F. S. Crofts & Company, 1934, pp. iii, 508.) has recently appeared. The first edition appeared in 1924, and since that date has been rather widely adopted for use in the presentation of an introductory course in economics. The third edition has been enlarged and brought up to date.

W. D.

Las Herejías Históricas del Dr. Eduardo Acevedo, by Luis Enrique Azarola Gil (Librería La Facultad, Buenos Aires, pp. 24.) is a critical work by a noted Uruguayan historian, in which he disagrees with Acevedo's interpretation of the philosophy of Uruguayan history as set forth in the latter's *Anales Históricas del Uruguay*. It should be read in connection with this work.

L. L. B.

V. Lillo Catalán: *Su Vida y Su Obra*, by Horacio H. Dobranich (Editorial Radeba, Buenos Aires, 1933, pp. 47.) is an account of the reform and revolutionary activities of one of the younger generation of Spanish radicals formerly associated with Blasco Ibañez. There are also several selections from his poetry.

L. L. B.

Nuevos Escritores Sudamericanos, by V. Lillo Catalán (Editorial Radeba, Buenos Aires, 1933, pp. 15.) is a summary of the newer political and social propagandistic tendencies in South American fiction and of the changing

and modernizing intellectual outlook of writers of all phases of their literature. Lillo Catalán has spent much time in Argentina and neighboring countries, since 1910.

L. L. B.

Expedición y Recepción de Correspondencia en la Época del Virreynato del Río de la Plata, by Walter B. L. Bose (Casa Impresora Lopez, Buenos Aires, 1933, pp. 25.) is a description of the working of the postal system of the government of Río de la Plata principality from about 1771 to 1810. It contains a very interesting old map of the region, done pictographically, and a picture of the mail and stage coach of the time.

L. L. B.